INTEGRATED ANNUAL REPORT 2025

SAMWUMED

Real **Heritage.** Real **People.** Real **Health Care.**

SAMWUMED

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1.

INTRODUCTION

BASIS OF PREPARATION AND PRESENTATION

SAMWUMED's Integrated Annual Report follows the regulations of the IIR Framework and combines financial and non-financial information to show how the Scheme creates, distributes, and captures the value for its stakeholders considering its short-term, medium-term, and long-term interest.

This document demonstrates the company's strategy, governance, performance, and prospects within the context of its operating environment (the Medical Aid industry).

The report identifies and discusses material themes and matters that could significantly impact value creation or erosion, including the performance of its benefit options, related and broader risks within the health-care industry if not effectively managed.

The summary financial statements and related notes included in this report were:

- Prepared internally by the Scheme management and approved by the Board according to the applicable requirements of the IFRS Accounting Standards and the Medical Schemes Act, No. 131 of 1998; and
- Audited by the external auditors, PwC., in accordance with International Standards on Auditing (ISAs).

The non-financial and forward-looking information included in this integrated report were prepared and reviewed internally by the Scheme.

The Scheme undertook a materiality review and assessment to identify, prioritise, and validate its material themes and matters. In assessing these matters, SAMWUMED considered both their impact on the Scheme's ability to create value and the Scheme's impact on society and the environment. The outcomes of the assessment were considered by the Board of Trustees and the Executive Management Team.

MATERIAL MATTERS INCLUDE:

OPPORTUNITIES

- Steady income base as member fees are paid for by municipalities.
- Broaden base of potential members by showing them the benefits that SAMWUMED offers.
- Look at utilities as a base of member recruitments.
- Improve stakeholder management processes.
- Efficiency Discounted Options to counter the lack of the LCBO.
- Opportunity to partner with the private sector where funding is available in primary health care.
- Introduce low-cost product that does not require MSA exemption.
- Exemption application for the prescribed investment portfolio.
- Introduce reinsurance arrangements to address high-risk claims.
- Provide options for younger members.
- Encourage SAMWU and other trade union members to join SAMWUMED.

POTENTIAL RISKS

IT Infrastructure

Legacy and end-of-life infrastructure components within a transitioning hybrid environment may affect system resilience, scalability, and service continuity if not proactively modernised and supported through appropriate redundancy, life-cycle management, and cloud transition-planning.

Cybersecurity Threats

The Scheme remains exposed to evolving cybersecurity threats, including phishing, ransomware, unauthorised access, and data compromise that require continuous strengthening of preventive, detective, and response controls to protect sensitive operational and member information.

Member Demographics

Failure to attract younger, low-risk members.

MATERIAL THEMES AGAINST THE SCHEME'S FOUR STRATEGIC OBJECTIVES

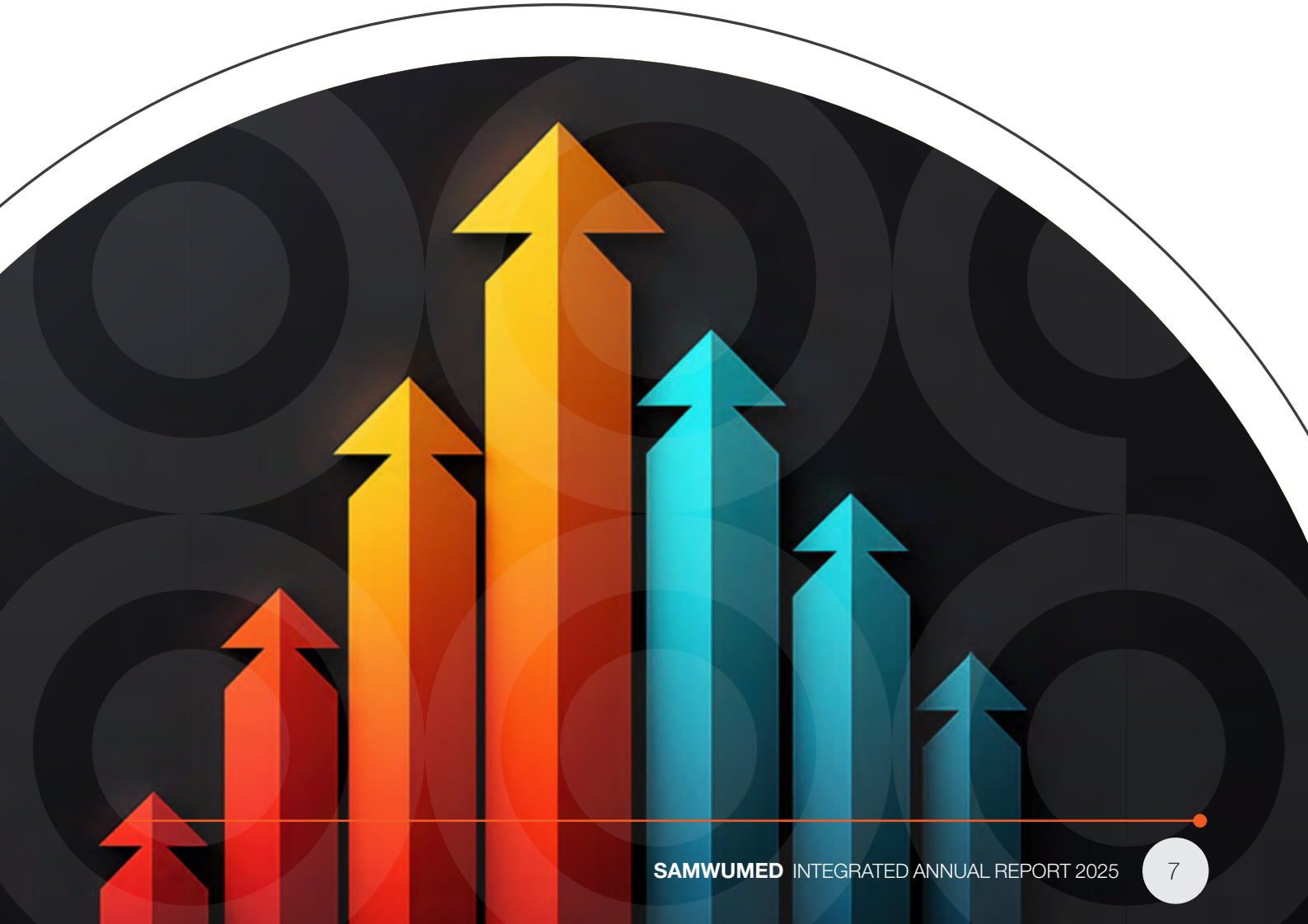
Material themes ranked according to their significance to SAMWUMED and their impact on society and the environment are:

- Maintain financial sustainability of the Scheme:
  - » Grow the Scheme by attracting new members and retaining existing ones.
  - » Achieve positive clinical outcomes.
  - » Implement an evidence-based design benefit model.

- Promote effective governance for risk and compliance:
  - » Keep abreast with regulatory and /or industry changes and health-care ecosystem.
  - » Compliance with rules and regulations.

- Achieve operational excellence through leveraging technology:
  - » The Scheme continues to modernise its technology environment through the progressive migration of systems to cloud and hosted platforms, the strengthening of cybersecurity controls, as well as the automation and digitisation of selected business processes.
  - » These interventions support improved operational efficiency, service responsiveness, data integrity, and organisational resilience.

- Effective stakeholder management and member satisfaction:
  - » Management of business partnerships to ensure optimal customer service.
  - » Brand positioning and reputation management.



PERFORMANCE AT A GLANCE

Membership & Claims

- Total Membership: 29 878 (2024:32 885).
- Claims paid from the risk pool were R1.8 billion were significantly below the budget of R2 billion (2024: gross R2.0 billion restated).
- Claims ratio – 89.72% (2024: 99.93% restated).

Financial performance

- Contribution income from the risk pool was only R1.8 billion which was slightly below a budget of R1.9 billion (2024: gross R1.9 billion).
- Investment income outperformed the expectations, delivering a return of R262 million against a budget of R86 million (2024: R161million).
- Investment return was 7.65% against a target of 6.61% (2024: 10.17%).
- The net health-care deficit was R23.5 million. This is better than budget of R192 (2024: R144 million).

Risk & Governance

- Risk governance oversight was strengthened through regular Board as well as the Audit and Risk Committee review of the risk registers and mitigation actions.
- Cybersecurity remained a priority focus area, with continued investment in monitoring, testing, awareness initiatives, and control enhancements.
- Operational resilience improved through ongoing work on business continuity and disaster recovery planning, supported by stakeholder engagement.
- Risk management maturity continued to develop, with a structured roadmap to move from a preliminary level towards a more integrated risk management framework by 2028.
- Key strategic risks were actively monitored, particularly those relating to stakeholder dependency, reputation, regulatory exposure, and membership sustainability.
- Emerging risks received increased attention, including health-care reform, NHI developments and climate-related disruption.

Service Enhancements

The Scheme introduced new partnerships with ICON Oncology and Dis-Chem Oncology to provide high-quality, cost-effective cancer care to improve the value and service offered to members diagnosed with cancer.

Operational Maturity

- Performance targets were refined. Revised operational plans were implemented for all departments
- Q1 performance appraisals began in March.
- The focus shifted from planning to implementation.

ABOUT SAMWUMED

SAMWUMED was established in 1952 by the Cape Town Municipal Workers' Association (CTMWA), which is one of the founding organisations of the South African Municipal Workers' Union (SAMWU), as a Benefit Fund for its members. At the time, the benefit structure of the Scheme was very simple and most of its health-care services were offered at state/ provincial hospitals.

Since obtaining accreditation as a self-administered medical scheme, SAMWUMED has remained committed to delivering more than medical aid benefits. SAMWUMED is committed to promoting its members' right to a healthy life and access to quality healthcare. This commitment underpins the Scheme's ongoing focus on remaining one of the most cost-effective schemes in its category, without compromising on the quality of care provided to members.

SAMWUMED has a longstanding track record of advancing the health and well-being of its members. Operating on the principle that all South Africans are entitled to affordable, quality health care, SAMWUMED has evolved from a simple trade union scheme into one of the largest, fully funded, self-administered medical schemes serving employees in local government and associated agencies across South Africa. The Scheme is currently the only trade union-affiliated medical scheme within the SALGA sector.

At the core of SAMWUMED's values is the unwavering commitment to service excellence, which is what guides the Scheme's daily operations. SAMWUMED is focused on giving back to the communities operated in. The core existence is underpinned by SAMWUMED's purpose statement: **"To inspire and support communities to live healthy and happy lives."** This principle is reflected not only in the way SAMWUMED employees support one another and the communities they serve but also in the Scheme's engagement with its members who remain among its most valued stakeholders.

SAMWUMED has a national membership footprint and service providers that assist in providing services to members. The Scheme prides itself in that they have partnered with highly reputable health-care partners, including managed care service providers, credible hospital groups, pharmacy groups, fraud and waste management and a wide range of other critical service providers to ensure excellent service is delivered to members.

Operating under a highly regulated environment, SAMWUMED has been able to obtain their SALGA agreement certificates year-on-year while still delivering comprehensive benefits that include preventative care, chronic disease management and wellness programmes that are tailored to the needs of their current and potential members. The Scheme has presented unqualified audits on an ongoing basis, demonstrating that each activity undertaken at operational level, are linked to the Scheme strategy.

As SAMWUMED continues to implement its 2023–2027 Strategic Plan, the Scheme remains focused on strengthening financial sustainability, thereby enhancing governance structures, fostering effective stakeholder relationships, and improving operational efficiency to support positive health outcomes. Through ongoing innovation and technological advancement, SAMWUMED continues to enhance member engagement, strengthen service delivery, and attract younger and healthier members in support of its long-term growth objectives.

OUR MISSION

To provide quality, accessible and affordable community-based health care to members through:

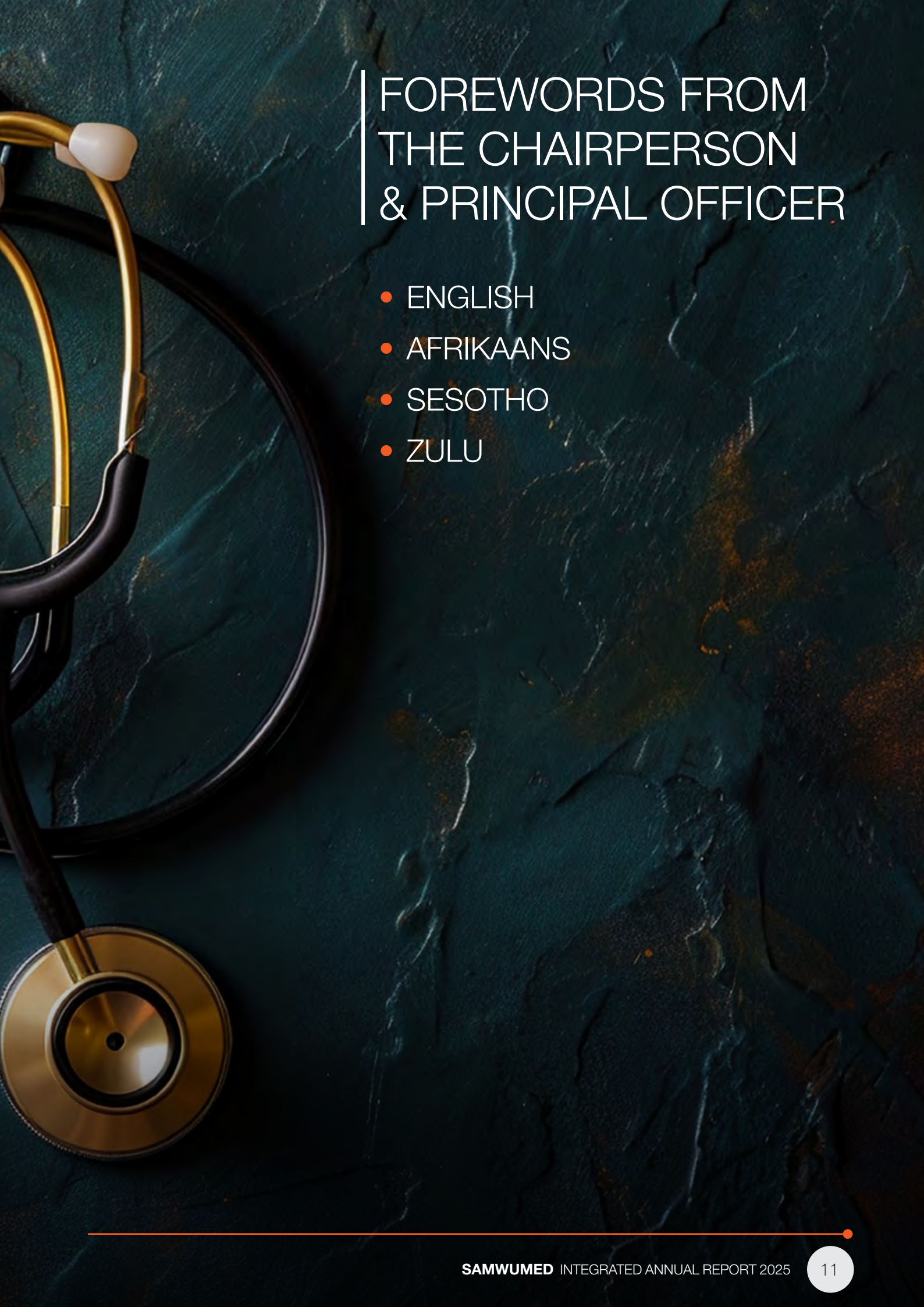
- Empowering and supporting communities to embrace healthy living,
- Member-centric, efficient service delivery, and innovative processes,
- Preserving good relationships with all stakeholders; and
- Ensuring financial sustainability while committing to the principle of non-profit.

OUR VISION

To be a leading medical scheme committed to quality healthcare through service excellence, accessible and affordable healthcare, and accountable administration.

OUR VALUES

- Member Centric,
- Responsibility,
- Integrity,
- Discipline,
- Accountability,
- Value of the Self, Organisation and Society; and
- Ubuntu



FOREWORDS FROM THE CHAIRPERSON & PRINCIPAL OFFICER

- ENGLISH
- AFRIKAANS
- SESOTHO
- ZULU

FOREWORD FROM THE CHAIRPERSON

The 2025 financial year presented both opportunities and challenges for SAMWUMED as the Scheme continued to navigate a changing health-care environment. During this period, the Board of Trustees remained focused on maintaining financial stability, strengthening governance practices, and ensuring that members continued to receive quality, sustainable health-care benefits.

A key priority for the Board during the year was the promotion of sound governance and regulatory compliance. The Board remained committed to fulfilling its fiduciary responsibilities and ensuring that the Scheme operated in accordance with the requirements of the Medical Schemes Act, the Council for Medical Schemes, and the principles of King IV. As part of this commitment, all Trustees successfully completed the required annual fit-and-proper assessments, reaffirming the Board's dedication to accountability, transparency, and effective oversight.

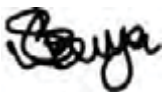
The strength of the Scheme's governance framework was further reflected in the achievement of an unqualified audit opinion for the year under review. This outcome demonstrates the effectiveness of the Scheme's internal controls, financial management practices, and governance structures. The Board views this achievement as an important indicator of the Scheme's ongoing commitment to responsible stewardship and prudent management of members' funds.

The Board also continued to oversee the implementation of the Scheme's strategic objectives, so ensuring that decision-making remained aligned with the long-term interests of members. Attention was given to monitoring financial performance, managing risks, and supporting initiatives aimed at improving operational efficiency and service delivery. These efforts contributed to the Scheme's positive financial performance during the year and reinforced its ability to meet future obligations.

Despite these positive developments, the Scheme continues to face industry-wide challenges, including declining membership levels and an ageing membership profile. These factors place increasing pressure on health-care costs and sustainability. In response, the Board continues to support initiatives designed to improve member retention, attract new members, and ensure that benefit offerings remain relevant and competitive.

As the health-care sector prepares for future reforms, including developments relating to National Health Insurance, the Board remains committed to ensuring that SAMWUMED is well positioned to respond to change while continuing to protect the interests of its members.

On behalf of the Board of Trustees, I would like to thank the Principal Officer, management, employees, service providers, and members for their continued support and contribution throughout the year. Their dedication remains instrumental to the Scheme's success and its ability to deliver on its mandate.



Mr Lindani Sibiya
Chairperson of the Board
SAMWUMED

PRINCIPAL OFFICER'S REPORT

The 2025 financial year was characterised by steady progress across several areas of the Scheme's operations as SAMWUMED continued to strengthen its position in a rapidly evolving health-care environment. Throughout the year, management remained focused on enhancing member value, improving operational efficiency, and ensuring that the Scheme remained responsive to the changing needs of its stakeholders.

As Principal Officer, I am particularly encouraged by the progress made in advancing the strategic objectives approved by the Board of Trustees. These efforts included initiatives aimed at improving service accessibility, strengthening member engagement, enhancing operational processes, and ensuring that the Scheme remained financially sustainable. The continued expansion of member support channels, investment in digital platforms, and refinement of benefit offerings formed part of our broader commitment to delivering a modern and member-centred health-care experience.

The year also marked a personal milestone as I completed five years of service as Principal Officer of SAMWUMED. It remains an honour to serve as the first black female Principal Officer to lead the Scheme since its transition to a self-administered medical scheme. This achievement reflects not only personal growth but also the organisation's commitment to transformation, leadership development, and diversity within the healthcare funding sector.

Beyond my responsibilities within the Scheme, I continued to serve on the Board of Health-Care Funders, contributing to broader industry discussions and engaging with stakeholders on matters affecting the future of health-care funding in South Africa. These engagements provide valuable opportunities to ensure that SAMWUMED remains informed, relevant, and prepared for developments within the health-care landscape.

A key focus area during the year was maintaining high standards of compliance and operational governance. The Scheme successfully retained the necessary accreditations and remained compliant with applicable SALGA requirements and other regulatory obligations. This achievement reflects the dedication of management and employees in maintaining robust governance processes and a culture of accountability throughout the organisation.

Operationally, the Scheme continued to deliver positive outcomes for members through improved service levels, effective claims management, and initiatives aimed at reducing fraud, waste, and abuse. These interventions, together with prudent financial management, contributed to the Scheme's overall stability and supported its ability to meet the healthcare needs of members.

The successful hosting of the 2025 elective Annual General Meeting further demonstrated the Scheme's commitment to transparency, stakeholder participation, and sound governance. The AGM provided members with an important platform to engage with leadership, exercise their governance rights, and contribute to the future direction of the Scheme.

While challenges such as membership attrition and increasing health-care costs continue to affect the medical schemes industry, management remains focused on identifying opportunities for sustainable growth. Efforts to attract new members, strengthen relationships with employers and stakeholders, as well as enhance the relevance of benefit options will remain central to our priorities in the coming years.

I extend my sincere appreciation to the Board of Trustees for their continued guidance and support, to management and employees for their dedication and professionalism, as well as to our members for the trust they place in the Scheme. Through our collective efforts, SAMWUMED remains well positioned to continue delivering quality health-care benefits while maintaining the principles of good governance, financial sustainability, and member service excellence.

Ms Francina Mosoeu
Principal Officer
SAMWUMED

VERSLAG VAN DIE VOORSITTER

Die 2025-finansiële jaar het vir SAMWUMED sowel geleenthede as uitdagings gebied, terwyl die Skema voortgegaan het om 'n veranderende gesondheidsorgomgewing te navigeer. Gedurende hierdie tydperk het die Raad van Trustees daarop gefokus om finansiële stabiliteit te handhaaf, bestuurspraktyke te versterk en te verseker dat lede steeds gehalte, volhoubare gesondheidsorgvoordele ontvang.

'n Sleutelprioriteit vir die Raad gedurende die jaar was die bevordering van goeie bestuur en regulatoriese nakoming. Die Raad het toegewyd gebly aan die nakoming van sy fidusiêre verantwoordelikhede, en het verseker dat die Skema funksioneer ooreenkomstig die vereistes van die Wet op Mediese Skemas, die Raad vir Mediese Skemas en die beginsels van King IV. As deel van hierdie verbintenis het alle Trustees die vereiste jaarlikse geskik-en-behoorlik-beoordelings suksesvol voltooi, wat die Raad se toewyding aan aanspreeklikheid, deursigtigheid en doeltreffende toesig herbevestig.

Die krag van die Skema se bestuursraamwerk is verder weerspieël in die verkryging van 'n ongekwalifiseerde ouditmening vir die jaar onder oorsig. Hierdie uitkoms toon die doeltreffendheid van die Skema se interne beheermaatreëls, finansiële bestuurspraktyke en bestuurstrukture. Die Raad beskou hierdie prestasie as 'n belangrike aanduiding van die Skema se volgehoue verbintenis tot verantwoordelike rentmeesterskap en omsigtige bestuur van lede se fondse.

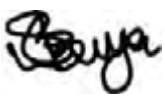
Die Raad het ook voortgegaan om toesig te hou oor die implementering van die Skema se strategiese doelwitte, en sodoende verseker dat besluitneming ooreenstem met die langtermynbelange van lede. Aandag is geskenk aan die monitering van finansiële prestasie, risikobestuur en die ondersteuning van inisiatiewe wat daarop gemik is om bedryfsdoeltreffendheid en dienslewering te verbeter.

Hierdie pogings het bygedra tot die Skema se positiewe finansiële prestasie gedurende die jaar en sy vermoë versterk om toekomstige verpligtinge na te kom.

Ten spyte van hierdie positiewe ontwikkelings staar die Skema steeds wye bedryfs uitdagings in die gesig, insluitend dalende lidmaatskapvlakke en 'n verouderende lidmaatskapprofiel. Hierdie faktore plaas toenemende druk op gesondheidsorgkoste en volhoubaarheid. In reaksie hierop ondersteun die Raad steeds inisiatiewe wat ontwerp is om ledebehoud te verbeter, nuwe lede te lok en te verseker dat voordeelopsies relevant en mededingend bly.

Namate die gesondheidsorgsektor voorberei op toekomstige hervormings, insluitend ontwikkelings rakende Nasionale Gesondheidsversekering, bly die Raad daartoe verbind om te verseker dat SAMWUMED goed geposisioneer is om op verandering te reageer, terwyl die belange van sy lede steeds beskerm word.

Namens die Raad van Trustees wil ek die Hoofbeampte, bestuur, werknemers, diensverskaffers en lede bedank vir hul volgehoue ondersteuning en bydrae deur die jaar. Hul toewyding bly instrumenteel tot die Skema se sukses en sy vermoë om sy mandaat uit te voer.



Mnr L Sibiya
Voorsitter van die Raad
SAMWUMED

HOOFBEAMPTE SE VERSLAG

Die 2025 finansiële jaar is gekenmerk deur bestendige vordering op verskeie gebiede van die Skema se bedrywighede, terwyl SAMWUMED voortgegaan het om sy posisie in ’n vinnig veranderende gesondheidsorg omgewing te versterk. Deur die jaar het bestuur daarop gefokus om lidmaatskap waarde te verbeter, bedryfsdoeltreffendheid te verhoog en te verseker dat die Skema steeds reageer op die veranderende behoeftes van sy belanghebbendes.

As Hoofbeampte is ek besonder bemoedig deur die vordering wat gemaak is met die bevordering van die strategiese doelwitte wat deur die Raad van Trustees goedgekeur is. Hierdie pogings het inisiatiewe ingesluit wat daarop gemik was om toegang tot dienste te verbeter, lede betrokkenheid te versterk, bedryf prosesse te verbeter en te verseker dat die Skema finansieel volhoubaar bly. Die voortgesette uitbreiding van lidmaatskap ondersteunings kanale, belegging in digitale platforms en verfyning van voordeelopsies het deel gevorm van ons breër verbintenis om ’n moderne, lid gerigte gesondheidsorg ervaring te lewer.

Hierdie jaar het ek ook ’n persoonlike mylpaal bereik met vyf jaar diens as Hoofbeampte van SAMWUMED. Dit bly ’n eer om as die eerste swart vroulike Hoofbeampte te dien wat die Skema lei sedert die oorgang na ’n self geadministreerde mediese skema. Hierdie prestasie weerspieël nie net persoonlike groei nie, maar ook die organisasie se verbintenis tot transformasie, leierskapsontwikkeling en diversiteit binne die gesondheidsorg finansiering sektor.

Benewens my verantwoordelikhede binne die Skema het ek voortgegaan om op die Raad van Gesondheidsorgbefondsers te dien, waar ek bygedra het tot breër industrie besprekings en met belanghebbendes geskakel het oor sake wat die toekoms van gesondheidsorg finansiering in Suid-Afrika raak. Hierdie betrokkenheid bied waardevolle geleenthede om te verseker dat SAMWUMED ingelig, relevant en voorbereid bly vir ontwikkelings binne die gesondheidsorg landskap.

’n Sleutel fokusarea gedurende die jaar was die handhawing van hoë standaarde ten opsigte van nakoming en operasionele bedryfsbestuur. Die Skema het die nodige akkreditasies suksesvol behou en het voldoen aan toepaslike SALGA-vereistes en ander regulatoriese verpligtinge. Hierdie prestasie weerspieël die toewyding van bestuur en werknemers om sterk bestuursprosesse en ’n kultuur van aanspreeklikheid regdeur die organisasie te handhaaf.

Operasioneel het die Skema voortgegaan om positiewe uitkomste vir lede te lewer deur verbeterde diensvlakke, doeltreffende eise-bestuur en inisiatiewe wat daarop gemik is om bedrog, vermorsing en misbruik te verminder. Hierdie ingrypings, tesame met omsigtige finansiële bestuur, het bygedra tot die Skema se algehele stabiliteit en sy vermoë te rugsteun om in die gesondheidsorg behoeftes van lede te voorsien.

Die suksesvolle aanbieding van die 2025 Algemene Jaarvergadering het die Skema se verbintenis tot deursigtigheid, deelname deur belanghebbendes en goeie bestuur verder gedemonstreer. Die AJV het aan lede ’n belangrike platform gebied om met leierskap te skakel, hul bestuursregte uit te oefen en tot die toekomstige rigting van die Skema by te dra.

Hoewel uitdagings soos dalenede lidmaatskap en stygende gesondheidsorgkoste steeds die medieseskemabedryf raak, bly bestuur daarop gefokus om geleenthede vir volhoubare groei te identifiseer. Pogings om nuwe lede te lok, verhoudings met werkgewers en belanghebbendes te versterk, asook die relevansie van voordeel opsies te verbeter, sal in die komende jare ‘n sentrale prioriteit bly.

Ek spreek my opregte waardering uit teenoor die Raad van Trustees vir hul volgehoue leiding en ondersteuning, teenoor bestuur en werknemers vir hul toewyding en professionaliteit, asook teenoor ons lede vir die vertroue wat hulle in die Skema plaas. Deur ons gesamentlike pogings bly SAMWUMED goed geposisioneer om voort te gaan om gehalte gesondheidsorgvoordele te lewer, terwyl die beginsels van goeie bestuur, finansiële volhoubaarheid en uitnemende lidmaatskap diens gehandhaaf word.

Ms Francina Mosoeu
Hoofbeampte
SAMWUMED

TLALEHO YA MODULASETULO

Selemo sa ditjhelete sa 2025 se hlahisitse menyetla le diphephetso bakeng sa SAMWUMED ha Lenaneo le ntse le tswela pele ho ikamahanya le tikoloho ya tlhokomelo ya bophelo bo botle e ntseng e fetoha. Nakong ena, Boto ya Batsamaisi e ile ya dula e tsepamisitse maikutlo ho bolokeng botsitso ba ditjhelete, ho matlafatseng mekgwa ya botsamaisi bo botle, le ho netefatsa hore ditho di tswela pele ho fumana melemo ya tlhokomelo ya bophelo ya boleng bo phahameng le e tsitsitseng.

E nngwe ya dintho tse ileng tsa etelletswa pele ke Boto selemong sena e bile ho kgothaletsa botsamaisi bo botle le boikobelo ba ditlhoko tsa taolo. Boto e ile ya tswela pele ho itlama ho phethahatsa boikarabelo ba yona ba botshepehi le ho netefatsa hore Lenaneo le sebetsa ho ya ka ditlhoko tsa Molao wa Mananeo a Bongaka, Lekgotla la Mananeo a Bongaka le melao-motheo ya King IV. E le karolo ya boitlamo bona, Batsamaisi bohle ba ile ba phethela ka katleho diteko tsa selemo le selemo tsa tshwaneleho tse hlokahalang, e leng se ileng sa tiisa hape boitlamo ba Boto bo mabapi le boikarabello, ponaletso le boetapele bo matla.

Matla a moralo wa botsamaisi wa Lenaneo a ile a boela a bonahala ka ho fumana maikutlo a tekolo ya dibuka tsa ditjhelete a se nang dipelaelo bakeng sa selemo se tlasa tlhahlobo. Sephetho sena se bontsha katleho ya ditsamaiso tsa kahare tsa taolo, mekgwa ya taolo ya ditjhelete le meralo ya botsamaisi. Boto e nka katleho ena e le sesupo sa bohlokwa sa boitlamo bo tswelang pele ba Lenaneo ba botsamaisi bo nang le boikarabelo le taolo e hlokolosi ya tjhelete ya ditho.

Boto e ile ya boela ya tswela pele ho okamela tshebediso ya maikemisetso a leano la Lenaneo, ka ho netefatsa hore diqeto tsohle di dula di tsamaellana le dithahasello tsa nako e telele tsa ditho. Ho ile ha elwa hloko ho lekola tshebetso ya ditjhelete, ho laola dikotsi le ho tshehetsa merero e reretsweng ho ntlafatsa bokgabane ba tshebetso le phano ya ditshebeletso.

Boiteko bona bo kentse letsoho tshebetsong e ntle ya ditjhelete ya Lenaneo selemong sena mme ba matlafatsa bokgoni ba lona ba ho phethahatsa boitlamo ba nako e tlang.

Le hoja ho bile le dintlafatso tsena tse ntle, Lenaneo le ntse le tobane le diphephetso tse amang indasteri yohle, ho kenyeletswa ho fokotseha ha palo ya ditho le keketseho ya palo ya ditho tse hodileng. Mabaka ana a beha kgatello e ntseng e eketseha ditshenyehelong tsa tlhokomelo ya bophelo bo botle le botsitsong ba Lenaneo. Ho arabela sena, Boto e tswela pele ho tshehetsa merero e reretsweng ho boloka ditho tsa hona jwale, ho hohela ditho tse ntjha le ho netefatsa hore dikgetho tsa melemo di dula di loketse ditlhoko tsa ditho ebile di a hlodisana.

Ha lekala la tlhokomelo ya bophelo le ntse le itokisetsa diphetoho tsa nako e tlang, ho kenyeletswa le dintlafatso tse amanang le National Health Insurance (NHI), Boto e ntse e itlamme ho netefatsa hore SAMWUMED e maemong a matle a ho arabela diphetoho tsena ha e ntse e tswela pele ho sireletsa dithahasello tsa ditho tsa yona.

Lebitsong la Boto ya Batsamaisi, ke rata ho leboha Mookamedi ya ka Sehloohong, sehlopha sa tsamaiso, basebetsi, bafani ba ditshebeletso le ditho tsa rona ka tshehetso ya bona e tswelang pele le seabo seo ba se entseng selemong sena kaofela. Boinehelo ba bona bo ntse bo le bohlokwa katlehong ya Lenaneo le bokgoning ba lona ba ho phethahatsa maikarabelo a lona.

Monghadi L. Sibiya
Modulasetulo wa Boto
SAMWUMED

TLALEHO YA MOOKAMEDI YA KA SEHLOOHONG

Selemo sa ditjhelete sa 2025 se ile sa tshwauwa ke kgatelopele e tsitsitseng dikarolong tse fapaneng tsa tshebetso ya Lenaneo, ha SAMWUMED e ntse e tswela pele ho matlafatsa maemo a yona tikolohong ya tlhokomelo ya bophelo e fetohang ka potlako. Selemo sohle, tsamaiso e ile ya dula e tsepamisitse maikutlo hodima ho eketsa boleng boo ditho di bo fumanang, ho ntlafatsa bokgabane ba tshebetso, le ho netefatsa hore Lenaneo le dula le arabela ditlhoko tse fetohang tsa bankakarolo ba lona.

Jwaloka Mookamedi ya ka Sehloohong, ke kgothatswa haholo ke kgatelopele e entsweng ho ntshetseng pele maikemisetso a leano a amohetsweng ke Boto ya Batsamaisi. Boiteko bona bo kenyeleditse merero e reretsweng ho ntlafatsa phihlello ya ditshebeletso, ho matlafatsa tshebedisano le ditho, ho ntlafatsa ditshebetso, le ho netefatsa hore Lenaneo le dula le tsitsitse ditjheleteng. Katoloso e tswelang pele ya ditsela tsa tshehetso ya ditho, matsete ho dibae tsa dijithale, le ntlafatso ya dikgetho tsa melemo e bile karolo ya boitlamo ba rona bo pharalletseng ba ho fana ka boiphihlelo ba tlhokomelo ya bophelo ba sejwalejwale bo shebaneng le ditho.

Selemo sena hape se tshwauwe ke mohato wa bohlokwa bophelong ba ka ba mosebetsi, kaha ke phethile dilemo tse hlano (5) ke sebeletsa ke le Mookamedi ya ka Sehloohong wa SAMWUMED. E ntse e le tlotla e kgolo ho nna ho sebetsa jwaloka Mookamedi wa pele wa mosadi e motsho ya etellang Lenaneo pele ho tloha ha le fetoha lenaneo la bongaka le itlhophisang. Katleho ena ha e bontshe feela kgolo ya ka ka seqo, empa hape e bontsha boitlamo ba mokgatlo phetohong, ntshetsopeleng ya boetapele, le ho kgothaletsa phapang kahare ho lekala la ditjhelete tsa tlhokomelo ya bophelo bo botle.

Ka ntle ho boikarabelo ba ka ka hare ho Lenaneo, ke ile ka tswela pele ho sebeletsa Boto ya Health-Care Funders, moo ke ileng ka kenya letsoho dipuisanong tse pharalletseng tsa indasteri le ho sebelisana le bankakarolo ditabeng tse amang bokamoso ba ditjhelete tsa tlhokomelo ya bophelo bo botle Afrika Borwa. Tshebedisano ena e fana ka menyetla ya bohlokwa ya ho netefatsa hore SAMWUMED e dula e ena le tsebo, e le bohlokwa, mme e itokiseditse diphetoho tse etsahalang lebaleng la tlhokomelo ya bophelo bo botle.

Karolo ya bohlokwa eo re ileng ra tsepamisa maikutlo ho yona selemong sena e bile ho boloka maemo a phahameng a boikobelo le botsamaisi ba tshebetso. Lenaneo le ile la atleha ho boloka mangolo a hlokahalang a tumello mme la tswela pele ho latela ditlhoko tse sebetsang tsa SALGA hammoho le boitlamo bo bong ba taolo. Katleho ena e bontsha boitelo ba tsamaiso le basebetsi ba rona ba tswelang pele ho boloka ditshebetso tse matla tsa botsamaisi le moetlo wa boikarabello mokgatlong kaofela.

Ka lehlakoreng la tshebetso, Lenaneo le ile la tswela pele ho fana ka diphetho tse ntle bakeng sa ditho ka maemo a tshebeletso a ntlafetseng, taolo e sebetsang ya ditletlebo, le matsholo a reretsweng ho fokotsa bomenemene, tshenyo ya mehlodi le tshebediso e mpe ya melemo. Mehato ena, mmoho le taolo e hlokolosi ya ditjhelete, e kentse letsoho botsitsong bo akaretsang ba Lenaneo mme ya tshehetsa bokgoni ba lona ba ho fihlella ditlhoko tsa tlhokomelo ya bophelo bo botle tsa ditho.

Ho tshwarwa ka katleho ha Seboka se Akaretsang sa Selemo sa Dikgetho sa 2025 ho boetse ho bontshitse boitlamo ba Lenaneo ponaletsong, kabelong ya bankakarolo le botsamaising bo tiileng. Seboka sena se file ditho sethala sa bohlokwa sa ho sebedisana le boetapele, ho sebedisa ditokelo tsa tsona tsa puso ya mokgatlo, le ho kenya letsoho tataisong ya bokamoso ba Lenaneo.

Le hoja diphephetso tse kang ho fokotseha ha palo ya ditho le ditshenyehelo tse ntseng di eketseha tsa tlhokomelo ya bophelo di ntse di ama indasteri ya mananeo a bongaka, tsamaiso e ntse e tsepamisitse maikutlo ho ho utulla menyetla ya kgolo e tsitsitseng. Boiteko ba ho hohela ditho tse ntjha, ho matlafatsa dikamano le bahiri le bankakarolo, hammoho le ho ntlafatsa bohlokwa ba dikgetho tsa melemo, bo tla tswela pele ho ba karolo ya bohlokwa ya dintho tseo re di etelletsang pele dilemong tse tlang.

Qetellong, ke rata ho fetisa teboho ya ka e tswang botebong ba pelo ho Boto ya Batsamaisi ka tataiso le tshehetso ya bona e tswelang pele, ho sehlopha sa tsamaiso le basebetsi ba rona ka boinehelo le botswerere ba bona, hammoho le ho ditho tsa rona ka tshepo eo ba tswelang pele ho e beha ho Lenaneo. Ka boiteko ba rona bo kopaneng, SAMWUMED e maemong a matle a ho tswela pele ho fana ka melemo ya boleng bo phahameng ya tlhokomelo ya bophelo bo botle ha e ntse e boloka melao-motheo ya botsamaisi bo botle, botsitso ba ditjhelete le bokgabane ba tshebeletso ya ditho.

Ms Francina Mosoeu
Mookamedi ya ka Sehloohong
SAMWUMED

UMBIKO KASIHLALO

Unyaka wezimali wezi-2025 ulethe kokubili amathuba nezinselelo ku-SAMWUMED njengoba isiKimu siqhubekile nokuzivumelanisa nesimo sezempilo esiqhubeka nokuguquka. Ngalesi sikhathi, iBhodi labaMeleli laqhubeka nokugxila ekugcineni uzinzo lwezezimali, ekuqiniseni izindlela zokuphatha ngendlela efanele, nasekuqinisekiseni ukuthi amalungu ayaqhubeka nokuthola izinzuzo zokunakekelwa kwezempilo ezisezingeni eliphezulu nezisimeme.

Enye yezinto ezibaluleke kakhulu eBhodini phakathi nonyaka kwakuwukukhuthaza ukuphatha ngendlela efanele kanye nokuthobela imithetho nemigomo elawulayo. IBhodi laqhubeka nokuzibophezela ekufezeni izibopho zalo zokwethembeka nasekuqinisekiseni ukuthi isiKimu sisebenza ngokuhambisana nezidingo zoMthetho WeziKimu Zezokwelapha, uMkhandlu WeziKimu Zezokwelapha, kanye nemigomo ye-King IV. Njengengxenye yalokhu kuzibophezela, bonke abaMeleli baqede ngempumelelo ukuhlolwa kwaminyaka yonke okufanele nokudingekayo, okuqinisekise kabusha ukuzibophezela kweBhodi ekuziphenduleleni, ekubeni sobala, nasekuqapheni ukusebenza ngendlela efanele.

Ukuqina kohlaka lokuphatha ngendlela efanele lwesiKimu kuphinde kwabonakala ngokuthola umbono wokuhlolwa kwamabhuku ezimali ongenazo izinsolo ngonyaka obukezwayo. Lo mphumela ukhombisa ukusebenza ngempumelelo kwezinhlelo zangaphakathi zokulawula, izindlela zokuphatha ezezimali, kanye nezinhlaka zokuphatha zesiKimu. IBhodi libheka le mpumelelo njengophawu olubalulekile lokuzibophezela okuqhubekayo ekuphatheni ngendlela efanele nasekulawuleni ngokucophelela izimali zamalungu.

IBhodi liphinde laqhubeka nokuqapha ukuqaliswa kokusetshenziswa kwezinhloso zamasu zesiKimu, ukuze kuqinisekiswe ukuthi ukuthathwa kwezinqumo kuhlala kuhambisana nezintshisekelo zamalungu zesikhathi eside. Kwabhekwa ukusebenza kwezezimali, ukuphathwa kobungozi, kanye nokwesekwa kwezinhlelo ezihlose ukuthuthukisa ukusebenza kahle nokulethwa kwezinsizakalo. Le mizamo ibe negalelo ekusebenzeni kahle kwezezimali zesiKimu phakathi nonyaka futhi yaqinisa amandla alo okuhlangabezana nezibopho zesikhathi esizayo.

Naphezu kwalezi zinguquko ezinhle, isiKimu sisaqhubeka nokubhekana nezinselelo ezithinta wonke umkhakha, okuhlanganisa ukwehla kobulungu kanye nokwanda kweminyaka yamalungu. Lezi zinto zandisa ingcindezi ezindlekweni zokunakekelwa kwezempilo kanye nasekusimameni kwesiKimu. Ngenxa yalokho, iBhodi liyaqhubeka nokweseka izinhlelo ezihloselwe ukuthuthukisa ukugcinwa kwamalungu, ukuheha amalungu amasha, kanye nokuqinisekisa ukuthi izinzuzo ezinikezwayo zihlala zifanele futhi zincintisana kahle emakethe.

Njengoba umkhakha wezempilo ulungiselela izinguquko zesikhathi esizayo, okuhlanganisa nentuthuko ephathelene noMshwalense Wezempilo Kazwelonke (NHI), IBhodi lihlala lizibophezele ekuqinisekiseni ukuthi i-SAMWUMED ikulungele ukubhekana nalezi zinguquko ngenkathi iqhubeka nokuvikela izintshisekelo zamalungu ayo.

Egameni leBhodi labaMeleli, ngithanda ukubonga lsikhulu esiyiNhloko, abaphathi, abasebenzi, abahlinzeki bezinsizakalo, kanye namalungu ngokuseseka kwabo okuqhubekayo nangomnikelo wabo phakathi nonyaka. Ukuzinikela kwabo kuyaqhubeka nokuba negalelo elikhulu empumelelweni yesiKimu nasekufezeni umsebenzi waso.

L. Sibiya
USihlalo weBhodi
SAMWUMED

UMBIKO WESIKHULU ESIYINHLOKO

Unyaka wezimali wezi-2025 ubonakale ngokuba nenqubekelaphambili eqhubekayo emikhakheni eminingi yokusebenza kwesiKimu njengoba i-SAMWUMED iqhubekile nokuqinisa isikhundla sayo endaweni yokunakekelwa kwezempilo eguquka ngokushesha. Kuwo wonke unyaka, abaphathi baqhubeke nokugxila ekwandiseni inani elitholwa amalungu, ekuthuthukiseni ukusebenza kahle, nasekuqinisekiseni ukuthi isiKimu sihlala siphendula ezidingweni eziguqukayo zababambiqhaza balo.

NjengesiKhulu esiyiNhloko, ngikhuthazwe kakhulu yinqubekelaphambili esiyenzile ekuqhubekiseleni phambili izinhloso zamasu ezigunyazwe yiBhodi labaMeleli. Le mizamo ibandakanye izinhlelo ezihloselwe ukuthuthukisa ukufinyeleleka kwezinsizakalo, ukuqinisa ukuxhumana namalungu, ukuthuthukisa izinqubo zokusebenza, kanye nokuqinisekisa ukuthi isiKimu sihlala sizinzile ngokwezimali. Ukwandiswa okuqhubekayo kwezindlela zokweseka amalungu, ukutshalwa kwezimali ezinkundleni ezidijithali, kanye nokuthuthukiswa kwezinhlelo zezinzuzo kwakuyingxenye yokuzibophezela kwethu okubanzi ekuhlinzekeni ngolwazi lwezempilo lwesimanje olugxile kumalungu.

Lo nyaka uphinde waba yingqophamlando kimi njengoba ngiqede iminyaka emihlanu ngisebenza njengesiKhulu esiyiNhloko se-SAMWUMED. Kuyangihlonipha ukuqhubeka nokusebenza njengesiKhulu esiyiNhloko sokuqala sowesifazane omnyama ukuhola isiKimu kusukela lwaba isiKimu sezokwelapha esizilawulayo. Le mpumelelo ayibonisi kuphela ukukhula kwami siqu, kodwa futhi ikhombisa ukuzibophezela kwenhlangano ekuguqukeni, ekuthuthukisweni kobuholi, nasekwandiseni ukwehlukahlukana emkhakheni wokuxhaswa ngezimali kwezokunakekelwa kwezempilo.

Ngaphandle kwemisebenzi yami ngaphakathi kwesiKimu, ngiqhubekile nokusebenza eBhodini le-Health-Care Funders, ngifaka isandla ezingxoxweni ezibanzi zomkhakha futhi ngibambisane nababambiqhaza ezindabeni ezithinta ikusasa lokuxhaswa ngezimali kwezokunakekelwa kwezempilo eNingizimu Afrika. Lokhu kubambisana kusinika amathuba abalulekile okuqinisekisa ukuthi i-SAMWUMED ihlala inolwazi, ifanele izidingo zesikhathi, futhi ilungele intuthuko emkhakheni wezokunakekelwa kwezempilo.

Enye yezindawo eziyinhloko esigxile kuzo phakathi nonyaka kube ukugcina amazinga aphezulu okuthobela imithetho kanye nokuphatha ukusebenza ngendlela efanele. IsiKimu siqhubekile nokugcina ukugunyazwa okudingekayo futhi lwahlala luhambisana nezidingo ezisebenzayo ze-SALGA kanye nezinye izibopho zokuthobela imithetho. Le mpumelelo ikhombisa ukuzinikela kwabaphathi nabasebenzi ekugcineni izinqubo eziqinile zokuphatha kanye nosikompilo lokuziphendulela kuyo yonke inhlangano.

Ngokwezokusebenza, isiKimu siqhubekile nokuletha imiphumela emihle kumalungu ngokuthuthukisa amazinga ezinsizakalo, ukuphathwa ngendlela efanele kwezicelo zokukhokhelwa, kanye nezinhlelo ezihloselwe ukunciphisa ubugebengu bokukhohlisa, ukuchithwa kwemali, kanye nokusetshenziswa budlabha kwezinsiza. Lezi zinyathelo, zihambisana nokuphathwa kwezimali ngokucophelela, zibe negalelo ekuzinzeni kwesiKimu futhi zaqinisa amandla alo okuhlangabezana nezidingo zamalungu zokunakekelwa kwezempilo.

Ukusingathwa ngempumelelo koMhlangano-Jikelele Wonyaka wowezi-2025 kuphinde kwabonisa ukuzibophezela kwesiKimu ekubeni sobala, ekubambeni iqhaza kwabathintekayo, nasekuphathweni ngendlela efanele. Lo mhlangano unike amalungu inkundla ebalulekile yokuxhumana nobuholi, ukusebenzisa amalungelo awo okuphatha, kanye nokufaka isandla ekuqondisweni kwesikhathi esizayo kwesiKimu.

Nakuba izinselelo ezifana nokwehla kobulungu kanye nokwanda kwezindleko zokunakekelwa kwezempilo ziqhubeka nokuthinta imboni yezikimu zezokwelapha, abaphathi bahlala begxile ekutholeni amathuba okukhula okusimeme. Imizamo yokuheha amalungu amasha, ukuqinisa ubudlelwano nabaqashi kanye nabanye ababambiqhaza, kanye nokuthuthukisa ukufaneleka kwezinketho zezinzuzo, kuzoqhubeka nokuba yizinto ezisemqoka esizogxila kuzo eminyakeni ezayo.

Ngidlulisa ukubonga kwami okuqotho eBhodini labaMeleli ngokuqhubeka nokusinikeza isiqondiso nokuseseka kwalo, kubaphathi nabasebenzi ngokuzinikela kwabo nangobungcweti babo, kanye nakumalungu ethu ngokwethemba kwawo isiKimu. Ngokusebenza ngokubambisana, i-SAMWUMED isesimweni esihle sokuqhubeka nokuhlinzeka ngezinzuzo zokunakekelwa kwezempilo ezisezingeni eliphezulu, ngesikhathi esifanayo igcina imigomo yokuphatha ngendlela efanele, ukusimama kwezezimali, kanye nokwenza kahle ekunikezeni amalungu izinsizakalo.

Ms Francina Mosoeu
Isikhulu Esiyinhloko
SAMWUMED

REPORT OF THE CHIEF FINANCIAL OFFICER

Management is pleased to report that the Scheme has had another successful financial year, building on the gains achieved in the prior year. Having reversed the deficits suffered in 2022 and 2023, some recovery was realised in the prior year, with this year's gains being a consolidation of those results. Although certain key operational outcomes were not achieved, the cumulative results of those that were achieved during the year indicate that the Scheme is making steady progress towards restoring its performance and long-term sustainability.

Key areas of focus during the year included the following:

- After several years of sustained increases in insurance service costs, the Scheme recorded a 10% reduction in these costs during the year under review compared to the previous year. This reflects progress in managing health-care expenditure in a sustainable manner.
- The Scheme recorded positive underwriting results following several years of deficits in this core area of its operations.
- Investment performance continued to improve despite challenging market conditions.
- The highest net surplus in three years was achieved, supported by strong performance in both.

OVERVIEW OF THE FINANCIAL RESULTS

The results achieved during the year have strengthened the Scheme's efforts to improve stability and support long-term sustainability. Even though the Insurance Revenue was 4% lower than that of the prior year – because of the lower membership base - there was an underwriting relief in the form of a10.87% reduction in the Insurance Service expenses, thus leading to an Operating surplus after deficits.

Despite these positive operating outcomes, the Scheme will continue to focus on strengthening its revenue base, as the continued decline in membership remains a significant challenge to its long-term sustainability.

Management continued their efforts of providing the best service to members in the most cost-efficient manner with the results reflected in the lower than budget administrative costs, and their positive impact on the overall financial results for the year.

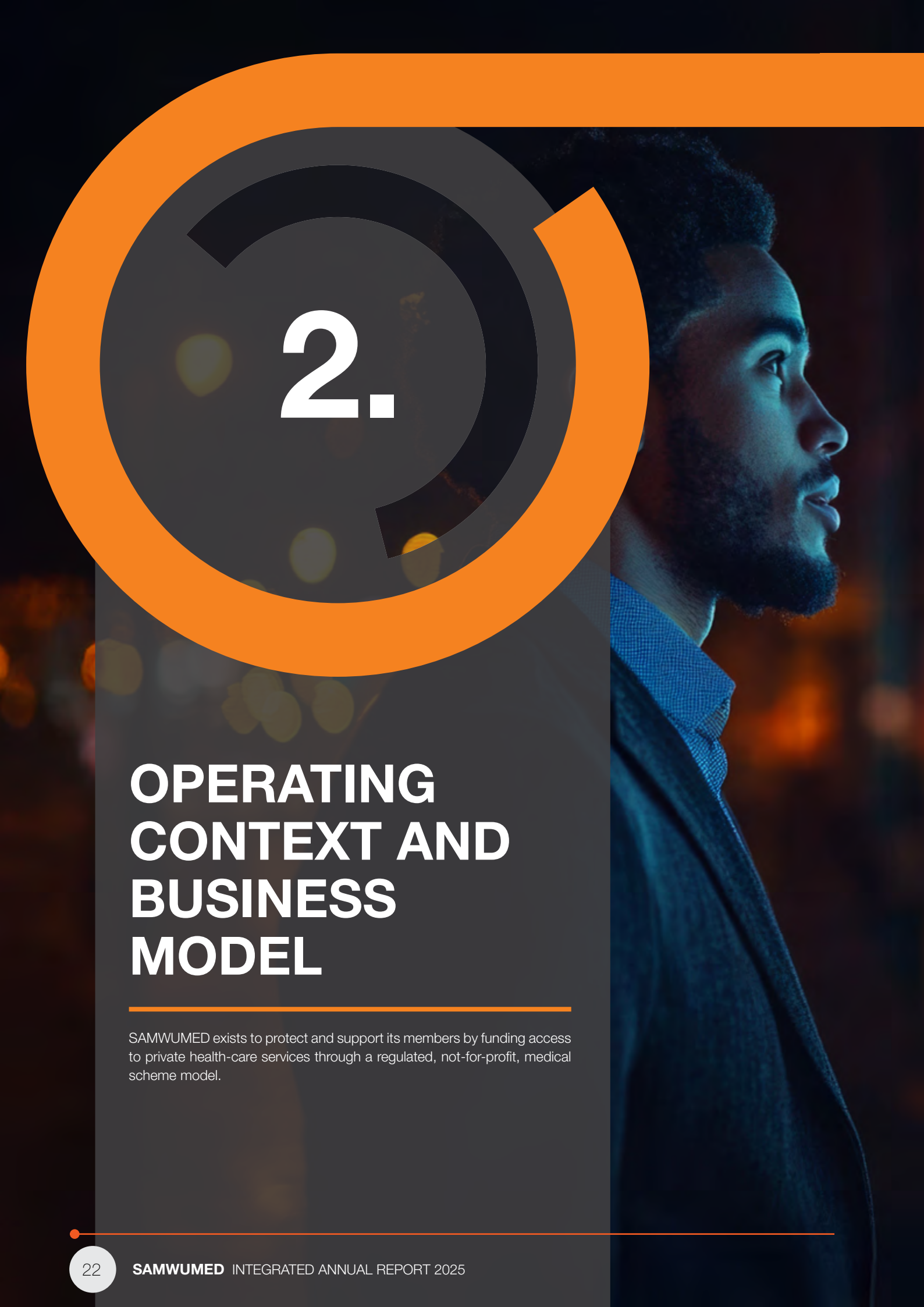
INVESTMENT PORTFOLIO

The investment portfolio continued to perform strongly, delivering returns that exceeded both budgeted targets and the prior year's performance. The current year's return was R261, 933 million, with 63% of that coming from the long-term portfolio. This performance reinforces the Scheme's investment approach, which recognises the value of short-term returns while maintaining a focus on long-term growth and sustainability. The strong investment performance reflects the effectiveness of the Scheme's investment strategy and enabled the portfolio to provide meaningful support to underwriting results.

CONCLUDING REMARKS

The overall outcome of activities was a surplus of R233, 822 million for the year (R14 312), which was a more than 1 500% increase on the results of the prior year with the bulk of the improvement linked to the performance of the investment portfolio. The strong performance contributed to an improvement in members' reserves, so reversing the decline in the Scheme's solvency ratio. As a result, the Scheme ended the year with a solvency ratio of 73.22%.

Mr Zukisani Samsam
Chief Financial Officer SAMWUMED



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OPERATING CONTEXT AND BUSINESS MODEL

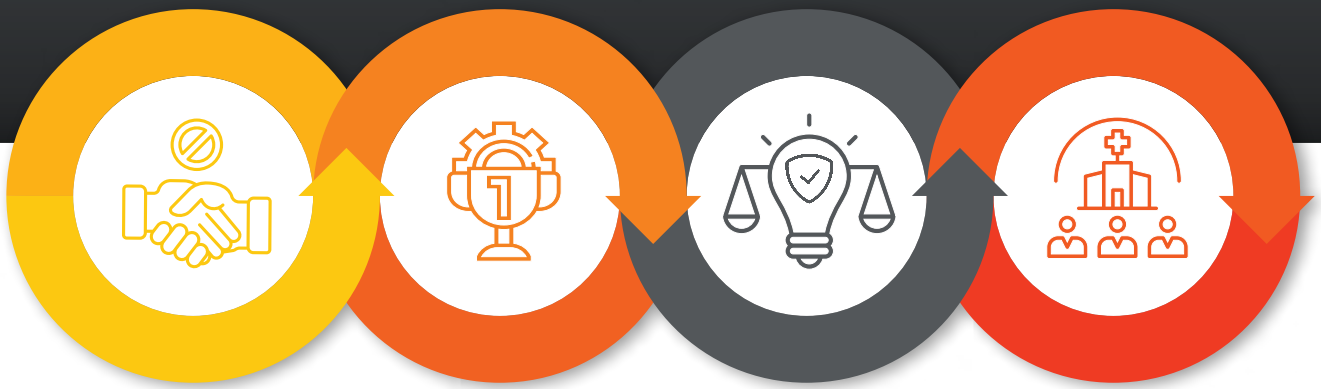
SAMWUMED exists to protect and support its members by funding access to private health-care services through a regulated, not-for-profit, medical scheme model.

Medical schemes form an important part of South Africa's health-care financing system by providing members with access to private health-care services. Governed by the Medical Schemes Act (No. 131 of 1998) and regulated by the Council for Medical Schemes (CMS), medical schemes operate on the principles of mutuality and solidarity, pooling member contributions to fund health-care benefits and promote equitable access to care.

As not-for-profit entities, medical schemes are owned by their members and administered in accordance with registered rules. Contributions are collected monthly and allocated to risk and savings pools, from which claims for medical services are paid. The business model is centred on long-term financial sustainability, equitable access to health-care benefits, and prudent risk management.

SAMWUMED'S VALUE PROPOSITION

SAMWUMED is a medical scheme committed to advancing the health and wellbeing of its members through accessible, affordable, and quality healthcare. The Scheme's operations are guided by the principles of solidarity, service and Ubuntu.



AFFORDABILITY WITHOUT COMPROMISE

SAMWUMED offers high-value benefits at competitive contribution rates, thus ensuring that members receive quality care without financial challenges. The benefit design is influenced by the health-care needs and lived realities of working-class South Africans.

INTEGRATED MEMBER-FIRST SERVICE

Through straightforward processes, digital enablement, and an increasing focus on responsive service channels, SAMWUMED continues to improve the member experience across key touchpoints. Digital tools such as self-service channels, workflow automation, and enhanced reporting capabilities support faster responses, greater accessibility, and improved service consistency.

ETHICAL GOVERNANCE AND TRANSPARENCY

SAMWUMED upholds the highest governance standards with a Board of Trustees elected by members and appointed by the union (SAMWU) with a clear commitment to compliance, fairness, and accountability.

COMMUNITY-BASED HEALTH ADVOCACY

SAMWUMED has a longstanding presence in the communities it serves. The Scheme supports preventative care, chronic disease management, and wellness programmes that are tailored to the needs of municipal workers and their families.

As SAMWUMED implements its 2023 - 2027 Strategic Plan, it remains focused on growing its membership particularly among younger, healthier individuals while enhancing operational efficiency and clinical outcomes. Investments in technology, data-driven decision-making, and secure digital platforms continue to strengthen operational efficiency, support service innovation, and position SAMWUMED to respond effectively to changing member and regulatory needs.

SAMWUMED'S HEALTH-CARE MODEL

SAMWUMED's health-care model is built on a foundation of coordinated, member-centric care that prioritises accessibility, affordability, and quality. As a self-administered, not-for-profit scheme, SAMWUMED leverages strategic partnerships and business process outsourcing to deliver optimal health-care services while maintaining cost efficiencies. Through capitation agreements with key service providers - including DENIS for dental care, PPN for optometry, Netcare 911 for emergency medical services, ICON and Dis-Chem for Oncology care – as well as the Scheme's partnership with Tshela Healthcare for maternity care - SAMWUMED ensures that members receive consistent, high-quality treatment without depleting their savings.

These partnerships allow SAMWUMED the ability to manage provider networks effectively, reduce administrative overheads, and enhance the member experience by offering seamless access to essential services. This integrated approach supports SAMWUMED's broader care coordination strategy, which includes family practitioner nomination, referral protocols, and managed care programmes. These are designed to improve clinical outcomes and ensure long-term sustainability.

BENCHMARKING SAMWUMED IN THE MUNICIPAL MEDICAL SCHEME SPACE

SAMWUMED operates in a highly competitive municipal health-care environment, competing with schemes such as Bonitas, Key Health, LA Health, and Sizwe Hosmed.

Benchmarking efforts have revealed several key differentiators:

- Affordability and Value: SAMWUMED consistently offers high-value benefits at competitive contribution rates that are tailored to the needs of working-class South Africans.
- Operational Efficiency: Through business process outsourcing and capitation agreements with providers such as DENIS (dental), PPN (optometry), Netcare 911 (emergency services), and Tshela Healthcare (maternity), SAMWUMED ensures cost-effective, high-quality service delivery.
- Strategic Recruitment: Recognising the ageing membership profile, SAMWUMED is actively recruiting younger, healthier members through targeted marketing and revised benefit structures.
- Governance and Compliance: SAMWUMED's governance model, which is anchored in member representation and King IV principles, ensures transparency and accountability. This is an area where many competitors rely on third-party administrators.
- Community Engagement: Unlike many competitors, SAMWUMED maintains a strong presence in member communities through wellness days, preventative care campaigns, and municipal partnerships.

While challenges such as declining employment in local government and affordability pressures persist, SAMWUMED's integrated strategy and member-first approach continue to reinforce its position as a closed scheme dedicated solely to serving members in the municipal space.

KEY STAKEHOLDERS AND RELATIONSHIPS

SAMWUMED recognises that strong stakeholder relationships underpin its ability to provide quality, accessible, and affordable community-based healthcare to members and their families. The Scheme's engagement approach is guided by transparency, mutual respect, and shared responsibility thereby helping to create long-term value for members.

MEMBERS AND POTENTIAL MEMBERS

Members remain at the centre of SAMWUMED's operations and decision-making. The Scheme keeps members informed and engaged through quarterly newsletters, SMS communications, digital platforms, walk-in centres, workplace visits, and community outreach initiatives. Member satisfaction surveys are also conducted regularly to assess service delivery and ensure that the Scheme continues to respond effectively to evolving member needs.

REGULATORS AND GOVERNING BODIES

SAMWUMED engages regularly with the Council for Medical Schemes (CMS) and other regulatory bodies to ensure compliance and contribute to policy development, including the National Health Insurance (NHI) planning.

EMPLOYER GROUPS AND MUNICIPALITIES

As a restricted scheme serving the Local Government sector, SAMWUMED maintains close relationships with municipal employers. Regular engagement sessions, HR forums, and targeted campaigns enable the Scheme to align its benefit offerings with workforce needs while supporting member acquisition and retention.

SERVICE PROVIDERS AND MANAGED CARE PARTNERS

SAMWUMED maintains partnerships with a range of health-care providers and administrators through capitation and service-level agreements. These relationships are governed through robust contract and service-level agreement management processes to ensure quality service delivery and operational efficiency.

INTERNAL STAKEHOLDERS

Employees, the Board of Trustees, and committee members play a critical role in supporting operational excellence and effective governance. The Scheme invests in employee development, performance management, and internal communication to foster a high-performance culture aligned with its strategic objectives.

ASSET MANAGERS

The investment consultants and asset managers are fundamental in delivering the Scheme's long- and short-term investment strategy. The Scheme management meets monthly with the investment consultant and quarterly with asset managers to review its tactical asset allocation, portfolio performance, Regulation 30 compliance, and market developments that impact the Scheme's investment and require FINCOM's attention and decisions.

TRADE UNIONS

SAMWUMED's longstanding strategic relationship with SAMWU remains an important component of its stakeholder network. The partnership continues to be strengthened through structured engagement and collaboration on member advocacy and benefit design.

ENGAGEMENT WITH MEMBERS AND PROSPECTIVE MEMBERS

SAMWUMED puts its members at the heart of its operations, guided by a mission to provide accessible, affordable, high-quality health care. Its engagement with current and prospective members is deliberate, responsive, and aligned with the Scheme's values of Ubuntu, integrity, and service excellence.

ENGAGEMENT APPROACH

- **Multi-Channel Communication:** SAMWUMED engages members through a combination of digital and in-person channels, including its website, WhatsApp, SMS communications, together with other assisted digital support channels, complemented by printed material and walk-in support. These channels are intended to improve accessibility, convenience, and responsiveness for members across different service needs.
- **Onboarding and Education:** SAMWUMED supports new and prospective members through onsite servicing, Freedom of Association (FOA) campaigns, onboarding sessions, and simplified application processes offered via the HR department and online platforms. Member education drives for existing members are delivered through social media, workplace visits, orange campaigns and wellness events to ensure that our members understand their benefits and how to access the care that they need.
- **Feedback and Surveys:** SAMWUMED uses member satisfaction surveys and other feedback channels to guide benefit design, improve service delivery, and strengthen communication strategies and stakeholder relations.

KEY CONCERNS AND RESPONSES

CONCERN	SAMWUMED'S RESPONSE
Understanding of benefits and options	To improve member understanding of benefits and options, the Scheme expanded access to digital engagement tools, including the SAMMY AI virtual assistant, the SAMWUMED App, and WhatsApp-based self-service support. These platforms complement member education initiatives by making information more accessible and easier to navigate.
Affordability and value (quality care)	Expanded specialist provider networks to include ICON Oncology and Dis-Chem Oncology to provide cost-effective and high-quality services to members diagnosed with cancer. Removal of the overall annual limit on Option A to align the options in terms of overall annual limits. As part of preventative measures, the Scheme partnered with a service provider to provide gym benefits at discounted rates and as well as wellness service providers to provide health risk assessments.
Service responsiveness	The Scheme continues to improve turnaround times through enhanced call centre support, digitised member service processes, and improved query management across selected digital support channels. To support member growth and retention objectives, SAMWUMED has appointed a broker distribution service provider to strengthen its service footprint and market reach.
Loyalty recognition	The Scheme conducted a pensioner's day to recognise and appreciate their loyalty to the Scheme. As part of the strategic plans, SAMWUMED is exploring other incentives and loyalty programmes to reward long-standing members.

SAMWUMED's member engagement strategy is continuously evolving to meet the needs of a diverse and dynamic membership base, so ensuring that every interaction reinforces trust, value, and care.

ENGAGEMENT WITH REGULATORS AND GOVERNMENT BODIES

SAMWUMED maintains proactive and transparent relationships with key regulatory stakeholders, including the Council for Medical Schemes (CMS), the Department of Health, and other relevant government entities. These engagements are guided by a commitment to ethical governance, compliance, and sectoral collaboration.

ENGAGEMENT APPROACH

- **Formal Submissions:** SAMWUMED submits all statutory returns including Annual Financial Statements, benefit changes, and governance disclosures in line with the Medical Schemes Act. The Scheme submits annually to SALGBC for accreditation to market its benefit offering to municipal workers.
- **Strategic Dialogues:** The Scheme participates in structured engagements with CMS, such as the 2025 strategic overview session, where SAMWUMED presented progress on curatorship recommendations, governance reforms, and operational improvements.
- **Policy Participation:** SAMWUMED contributes to public consultative and policy-development processes, including National Health Insurance (NHI) discussions, to ensure alignment with national health-care priorities.

KEY CONCERNS AND RESPONSES

CONCERN	SAMWUMED'S RESPONSE
Governance and Compliance	Continuous engagements to strengthen the Board and its sub-committee structures. The principles of King IV were adopted and maintained during the year. The Scheme will explore the implementation of King V, following its recent release. Enhanced internal and external audit as well as risk oversight.
Financial Sustainability	The Scheme's solvency ratio improved to 73.22% up from 68.19% in 2024. This reflects a significant recovery after two consecutive years of deficits. This improvement was supported by the implementation of cost-containment strategies and strong investment performance.
Operational Efficiency	The Scheme continued to modernise selected systems and business processes through cloud and hosted-platform migration initiatives, workflow automation, and improved digital support capabilities. These interventions contributed to improved operational efficiency and supported better turnaround times in selected member service and administrative processes.
Member Protection and Value	Introduced evidence-based benefit design, expanded provider networks, and enhanced communication on member rights and benefits.

SAMWUMED's ongoing engagement with regulators reflects its commitment to transparency, accountability, and continuous improvement in delivering value to members so contributing to the broader health-care system.

ENGAGEMENT WITH EMPLOYER GROUPS AND MUNICIPALITIES

SAMWUMED's relationship with employer groups, especially municipalities, is central to its role as a restricted medical scheme serving the local government sector. These engagements are designed to ensure alignment between the Scheme's offerings as well as the evolving needs of municipal employers and their employees.

ENGAGEMENT APPROACH

- **Direct Engagement and Forums:** SAMWUMED maintains consistent engagement with municipal HR and Payroll departments, as well as Business Consultants, through regular emails and Microsoft Teams meetings. The Fund also participates in Wellness Days and benefit briefings that provide additional opportunities to support members and strengthen stakeholder relationships.
- **Digital and On- Site Support:** The Scheme provides ongoing support to municipalities through its network of walk in centres, which offer members direct access to assistance and guidance. In addition to these facilities, Business Consultants and Brokerages conduct regular on-site visits to municipal offices, thus ensuring that employers and members receive support and help with queries or administrative processes.
- **Strategic Collaboration:** SAMWUMED collaborates closely with municipalities to align benefit design with workforce needs, with a strong focus on affordability and access for lower income employees.

KEY CONCERNS AND RESPONSES

CONCERN	SAMWUMED'S RESPONSE
Affordability of contributions for younger employees entering the job market	Exploring low benefit options and broader access to contract and temporary employees.
Maintaining Employer Group relations	Improve relations through better communication with an improved understanding of Billings and Reconciliations
Alignment with collective agreements	Ensure compliance with SALGA, CMS and union agreements as well as maintain transparent communication with all stakeholders

SAMWUMED's employer engagement strategy is underpinned by a commitment to service excellence, operational efficiency, and mutual value creation. These partnerships are essential to sustaining membership and delivering on the Scheme's mission to provide quality, affordable health care to municipal workers and their families.

ENGAGEMENT WITH SERVICE PROVIDERS AND MANAGED CARE PARTNERS

SAMWUMED's partnerships with service providers and managed care organisations are central to delivering high-quality, cost-effective health care to its members. These relationships are governed by formal contracts, service-level agreements (SLAs), and monthly performance reviews to ensure alignment with the Scheme's strategic goals.

ENGAGEMENT APPROACH

- **Capitation and Outsourcing Agreements:** SAMWUMED has entered into capitation arrangements with key providers for specialist services including DENIS (dental), PPN (optometry), Netcare 911 (emergency medical services), and ICON (Oncology). Workforce (wellness screening) and Tshela Healthcare (enhanced maternity care) have also been contracted with. These partnerships ensure predictable costs and high-quality service.
- **Contract Management and Monitoring:** The Scheme maintains structured engagement through contract management processes, including regular SLA reviews, performance dashboards, and issue-resolution forums.
- **Collaborative Planning:** Service providers are involved in benefit design discussions, clinical governance forums, and strategic planning sessions to ensure their services remain aligned with member needs and regulatory requirements.

KEY CONCERNS AND RESPONSES

CONCERN	SAMWUMED'S RESPONSE
System Integration and Data Access	SAMWUMED migrated its core administration system to the NEXUS Platform, which is offered as a Platform as a Service (PaaS) solution and, through the Scheme's contracted partner, is developing APIs to improve interoperability between the PaaS solution and systems of our managed care partners.
Claims-Processing Complexity	The Scheme is streamlining claims workflows to reduce duplication and improve turnaround times.
Clarity on Benefit Rules and Limits	SAMWUMED has enhanced communication with providers through updated rulebooks, training sessions, and real-time benefit verification tools.
Performance-Monitoring	Providers are evaluated against agreed KPIs, with underperformance addressed through structured feedback and corrective action plans.

This collaborative and transparent engagement model ensures that SAMWUMED's service providers are empowered to deliver value while supporting the Scheme's commitment to operational excellence and member satisfaction.

ENGAGEMENT WITH INTERNAL STAKEHOLDERS

SAMWUMED recognises that its employees, Board of Trustees (BOT), and committee members are critical to the Scheme's success. Engagement with these internal stakeholders is guided by principles of transparency, accountability, and shared purpose.

ENGAGEMENT APPROACH

- **Employees** are supported through structured communication platforms, digital collaboration tools, performance management systems, and continuous learning initiatives. Internal communication and knowledge-sharing are enabled through email, intranet capabilities, staff briefings, and learning platforms such as FUNDA.
- **Board of Trustees** are supported through formal governance processes, email communication, and secure digital collaboration tools that improve access to meeting documentation and support more efficient governance workflows.
- **Committee Members** participate in governance through clearly defined charters and reporting lines. Committees such as Audit & Risk, Finance & Investment, Remuneration, Social & Ethics and Clinical Governance & Ex-Gratia have formalised engagements through scheduled meetings, strategic-planning sessions, and governance training. These are further supported through improved access to reporting, analytics, and governance documentation, thus enabling more informed oversight and stronger decision-support across governance structures.

KEY CONCERNS AND RESPONSES

STAKEHOLDER GROUP	CONCERN	SAMWUMED'S RESPONSE
Employees	Clarity on benefit structures, career development, staff welfare and internal communication	Implemented staff training on benefit options. Launched a performance management system and improved internal communication channels.
Board of Trustees	Strategic alignment, governance compliance, and risk.	Adopted King IV principles, enhanced risk reporting, and conducted strategic reviews to align with the 2023 - 2027 plan.
Committee Members	Operational efficiency, data access, and policy clarity.	Continuous enhancements to data analytics tools, streamlined reporting processes, and updated committee charters and policies

This integrated engagement model ensures that SAMWUMED's internal stakeholders are informed, empowered, and aligned with the Scheme's mission to deliver quality, affordable health care to its members.

ENGAGEMENT WITH ASSET MANAGERS

The Scheme maintains continuous and constructive engagement with its consultants and asset managers. This approach promotes transparency, strengthens accountability, and leverages their expertise to optimise investment returns while managing risk effectively.

ENGAGEMENT APPROACH

Collaborative Planning

The Scheme's overarching investment objective is to maximise long-term returns while managing risk exposure. This is achieved through a well-defined investment strategy that considers regulatory requirements specified in applicable legislation and additional guidelines established by the Board of Trustees.

All investment decisions are subject to approval by the Board of Trustees and are guided by the following principles:

- **Liquidity:** The Scheme must always remain adequately liquid.
- **Risk and Return Balance:** Investments should carry minimal risk while achieving the most promising returns.
- **Regulatory Compliance:** All investments must comply with the relevant provisions of the Act.
- **Social Responsibility:** Investment decisions are aligned with the Scheme's commitment to contributing to a just and equitable society

Design of Mandates and Benchmarks

The Scheme adopts industry-recognised benchmarks to evaluate performance. Each asset manager operates under a clearly defined mandate, which specifies expected return objectives and applicable investment constraints and guidelines. This structured framework ensures consistency, accountability, and alignment with the Scheme's overall investment goals.

Contract management, monitoring and reporting

The Scheme recognises that investment performance should be assessed from a long-term perspective. While short-term underperformance relative to benchmarks may occur, it is not - on its own - a cause for concern. However, such underperformance should not negatively impact the Scheme's overall financial stability, particularly by contributing to a sustained decline in the solvency ratio. The Finance and Investment Committee provides the Board of Trustees with ad hoc updates on the performance of the Scheme's investments.

Monitoring and Oversight Responsibilities

The Finance and Investment Committee, acting under authority from the Board of Trustees, is responsible for monitoring and evaluating the performance of the Scheme's asset managers. In fulfilling this role, the Committee may utilise any relevant information available to it.

Reporting Framework

- Asset managers submit monthly and quarterly reports to both:
  - The Finance and Investment Committee.
  - The Scheme's investment consultant.
- The investment consultant provides performance measurement reports, at least quarterly, to:
  - The Board of Trustees
  - The Finance and Investment Committee

Performance Evaluation

- Each investment portfolio is assessed against its defined objectives.
- Asset managers are evaluated relative to established benchmarks at:
  - » Asset manager level.
  - » Portfolio level.

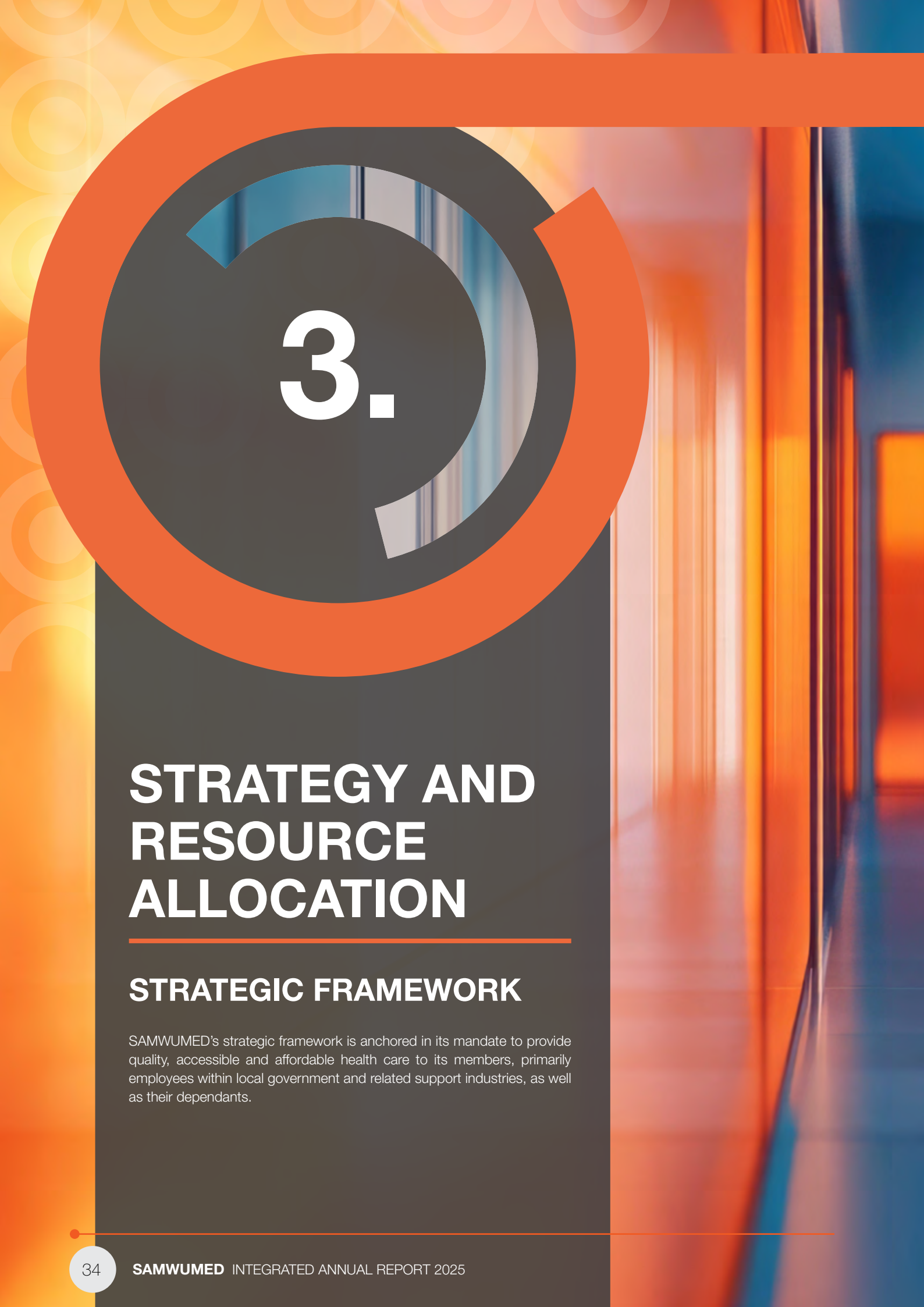
KEY CONCERNS AND RESPONSES

CONCERN	SAMWUMED'S RESPONSE
Governance and oversight	The Scheme has strengthened its Board and committee structures, supported by a comprehensive Investment Policy Statement (IPS). The IPS clearly outlines the Scheme's investment strategy, objectives, roles and responsibilities. Internal audit processes and risk management frameworks have been enhanced to provide stronger oversight of investment activities.
Asset manager concentration risk	To mitigate asset manager concentration risk, investments within each mandate or funds that are allocated across two or more asset managers with differing investment styles. The Scheme utilises a combination of: • Pooled funds; and • Segregated funds. This approach supports the creation of long-term value while reducing the risk of capital loss.
Creation and Protection of Value (performance and risk management)	Asset manager performance is subject to continuous review by the Finance and Investment Committee. This process is supported by Scheme management and the investment consultant. Performance is assessed through: • Quarterly reviews. • Comparisons against: » Specified mandates and benchmarks; and » Relevant peer groups.
Compliance and responsible investing	The Scheme's investment policy and strategy are periodically reviewed to ensure ongoing relevance and effectiveness. These reviews consider compliance with: • Regulations 29 and 30 of the Medical Schemes Act; and • Investment limits within the categories outlined in Annexure B.

This structured monitoring and reporting framework ensures accountability, transparency, and alignment with the Scheme's long-term investment objectives.

STAKEHOLDER ENGAGEMENT: PRINCIPLES AND OUTCOMES

SAMWUMED's approach to stakeholder engagement is guided by its values of transparency, accountability, and Ubuntu. Recognising that strong relationships are essential to achieving its mission, the Scheme engages with stakeholders through structured, inclusive, and responsive communication channels.



3.

STRATEGY AND RESOURCE ALLOCATION

STRATEGIC FRAMEWORK

SAMWUMED's strategic framework is anchored in its mandate to provide quality, accessible and affordable health care to its members, primarily employees within local government and related support industries, as well as their dependants.

It is designed to ensure that the delivery of quality, accessible and affordable health care to members is achieved in a manner that is financially sustainable, operationally efficient and responsibly governed.

The framework recognises the interconnected nature of financial performance, service delivery, governance, and stakeholder relationships, and provides the structure through which strategic priorities are translated into measurable actions and responsible resource allocation.

OUR STRATEGIC GOALS

SAMWUMED has four strategic goals that will focus the entire organisation:

STRATEGIC GOAL 1: ENSURE FINANCIAL SUSTAINABILITY	
STRATEGIC OBJECTIVE	STRATEGIC INITIATIVES
Grow membership of the scheme by attracting new and younger members while retaining existing ones	Targeted marketing interventions for optimal demographics
	Develop a Servicing and Retentions Division
	Review sales model, develop and implement optimal model
	Conduct a research study for employer groups and members
Implement an evidence-based benefit design model that promotes members taking responsibility for their own health	Work with the Administrator's managed care partners and actuaries to improve data driven processes
Achieve positive clinical outcomes through efficient, coordinated clinical risk management	Align and implement the clinical risk management strategy to the scheme's strategy
	To develop clinical strategy that responds to NHI requirements

STRATEGIC GOAL 2: ACHIEVE OPERATIONAL EXCELLENCE THROUGH LEVERAGING TECHNOLOGY	
STRATEGIC OBJECTIVE	STRATEGIC INITIATIVES
Automated business processes and integrated systems to increase operational efficiencies	Develop process automation and an Integrated Cloud IS System through robotic solutions on Microsoft platforms
	Revise and implement a comprehensive ICT strategy that supports the integration, automation and optimisation of key business processes
High performance culture through a motivated and engaged workforce	Implement a performance management system
Modernise technology infrastructure to ensure confidentiality, security and data integrity	Implementation of IS and Cyber Security Frameworks

STRATEGIC GOAL 3: PROMOTE EFFECTIVE GOVERNANCE FOR RISK AND COMPLIANCE INCLUDING THE NHI	
STRATEGIC OBJECTIVE	STRATEGIC INITIATIVES
Embrace a risk management culture that promotes compliance with rules and regulations	Define and develop a regulatory universe of rules and regulations
	Training and engagement to entrench risk management culture
	Integrate risk management into performance management
	To participate in NHI public participation and contribute to the NHI Policy development

STRATEGIC GOAL 4: EFFECTIVE STAKEHOLDER MANAGEMENT AND MEMBER SATISFACTION	
STRATEGIC OBJECTIVE	**STRATEGIC INITIATIVES**
Build effective stakeholder relationships through advocacy, brand positioning and reputation management	Develop and implement a stakeholder management plan, which will include regular engagement with employer groups and members
Effective management of business partners to offer a seamless service to members	Institute contracts and monitor agreed metrics through contract management and regular engagement
Compelling value proposition to drive member engagement informed by member needs	Design and conduct surveys to collect member feedback and inform actions aimed at improving member satisfaction.

STRATEGY CYCLE

Following the conclusion of the previous strategic cycle, the 2023 - 2027 Strategy was approved by the Board of Trustees. Since its adoption, the strategy has evolved in response to shifts in both internal and external environmental factors, including developments in the policy landscape such as the progression of the National Health Insurance (NHI) framework.

STRATEGY REVIEW

This is a five-year strategy that is reviewed on an annual basis to ensure that it remains relevant to the needs of the members, business, the legislative requirements and operating environment.

RESOURCE ALLOCATION

Resource allocation is achieved through a detailed budgeting process that is led by executive management and the Board of Trustees.

STRATEGIC EXECUTION AND PROGRESS IN 2025

SAMWUMED's strategic framework is built around four long-term strategic pillars, each supported by clearly defined objectives and performance indicators. These goals - financial sustainability, operational excellence, governance and compliance, and stakeholder satisfaction - form the backbone of the Scheme's Strategy Matrix, which guides execution and performance-monitoring across the organisation.

STRATEGIC OBJECTIVE	KPI	2025 TARGET	2025 ACTUAL
Grow and retain membership, particularly among younger members	Membership growth rate	17% increase (to 35 000)	9% decline
Automate business processes and modernise technology infrastructure	Query resolution within SLA	100% within five days	93% within five days
Maintain full compliance with regulatory universe and internal rules	Regulatory compliance rate	100% compliance	100% compliance
Strengthen stakeholder engagement and improve member satisfaction	Member satisfaction score – Post Call Survey	100% satisfaction	79.15% satisfaction

COST CONTAINMENTS AND VALUE-REALISATION THROUGH STRATEGIC INTERVENTIONS

SAMWUMED continues to prioritise financial sustainability through proactive cost-containment strategies, with a focus on reducing unnecessary expenditure and improving clinical outcomes. In 2025, the Scheme achieved measurable savings through targeted fraud, waste, and abuse (FWA) interventions as well as the implementation of managed care initiatives.

FRAUD, WASTE AND ABUSE (FWA) INTERVENTIONS

During 2025, SAMWUMED strengthened its fraud, waste and abuse (FWA) management framework through the inclusion of specialist capitated partners in Fraud Waste and Abuse Forum, which functioned as the central structure for the identification, investigation, and resolution of FWA-related matters. Key interventions included identifying and analysing high-risk providers and claims patterns, implementing payment withholds and case-specific investigations, and referring suspicious activities for forensic review. The Forum further enhanced oversight through monthly reporting, structured case tracking, as well as the review and standardisation of documentation and communication protocols with service providers. In addition, ongoing policy refinement and the development of enhanced procedures supported the consistent application of sanctions, improved monitoring of incidents, and strengthened collaboration with internal stakeholders and external forensic partners. Collectively, these interventions contributed to improved governance, early detection of anomalies as well as more effective mitigation of financial leakage within the Scheme.

MANAGED CARE INITIATIVES

In 2025, SAMWUMED introduced several targeted managed care initiatives aimed at strengthening cost-containment while enhancing member value. These included the implementation of the ICON Oncology Provider Network and the introduction of oncology formularies to manage high-cost cancer treatments better, alongside the adoption of Dis-Chem Oncology Medicine distribution to reduce medicine wastage and lower out-of-pocket costs for members.

The Scheme further intensified its case management protocols to reduce the length of hospital stays and improve clinical outcomes, while actively directing members towards designated network facilities to minimise co-payments.

In support of these measures, the Specialist Provider Network expanded significantly from 1 094 providers in December 2024 to 2 041 in December 2025, so improving access to quality, cost-effective care. Collectively, these interventions contributed to improved utilisation management, reduced unnecessary expenditure, and strengthened the overall value proposition for members.

DIGITAL ENABLEMENT AND AUTOMATION

The Scheme continued to use digital tools and workflow automation to improve selected operational processes and strengthen management information. Initiatives included Microsoft Power Automate workflows, digital support tools such as SAMMY, and improved reporting capabilities. These interventions supported more efficient administration, better information visibility, and stronger control support in selected business areas.

Together, these interventions reflect SAMWUMED's commitment to delivering value to members while safeguarding the Scheme's financial health. As the health- care landscape continues to evolve, these cost-containment strategies will remain central to SAMWUMED's long-term sustainability agenda.

4.

RISK AND OPPORTUNITIES

SAMWUMED INTEGRATED RISK REPORT

1. EXECUTIVE SUMMARY

During the 2025 financial year, SAMWUMED continued to strengthen selected aspects of its risk management capability, including technology resilience, cybersecurity control improvement, and continuity planning. Progress was made in improving awareness, control environments, and oversight structures although elements of business continuity, disaster recovery, and integrated risk maturity remain under development.

In response to heightened sector-wide cyber risks and changing membership demographics, SAMWUMED has adopted a Risk Neutral posture, accepting risks only where these are strategically justified. The Scheme is also progressing from a preliminary to an integrated level of risk maturity. This report highlights the Scheme's key exposures, response strategies, and commitment to transparent and accountable risk oversight that supports long-term sustainability.

2. GOVERNANCE AND OVERSIGHT

Risk management is structured across three distinct tiers. These include the Board of Trustees, the Audit and Risk Committee, and the Risk Management Forum. Collectively, these governance structures provide strategic oversight, independent assurance, and operational risk coordination to support effective enterprise-wide risk management and regulatory compliance.

The Board of Trustees is ultimately accountable for the governance and risk oversight. It approves the organisation's risk appetite and ensures that risk practices align with the Scheme's strategic objectives.

The Audit and Risk Committee is responsible for overseeing the implementation of risk management across the organisation. It monitors emerging and residual risk trends, reviews, reports from management and internal audit and ensures that effective control measures are in place through independent oversight.

The Risk Management Forum serves as the operational engine of risk management by reviewing departmental risk submissions, updates to the Risk Register and monitors the progress of mitigation strategies.

3. RISK APPETITE AND MATURITY

SAMWUMED maintains a risk-neutral posture, accepting only those risks that are justified by their potential value contribution or strategic alignment with the Scheme's objectives.

The Scheme's current risk maturity is assessed at an "Ad Hoc to Preliminary" level. This reflects that while foundational risk management practices are in place, further integration and consistency remain necessary. A structured roadmap has been developed to progress towards an integrated level of risk maturity by 2028. This evolution will focus on strengthening risk ownership across the organisation, so enhancing the quality and timeliness of risk information flows and embedding risk-informed decision-making as a consistent component of strategic and operational management.

4. KEY RISKS OVERVIEW

OPERATIONAL RISKS

RISK AREA	RESIDUAL RATING	KEY ISSUES	ACTIONS PLANNED/UNDERWAY
IT Infrastructure	11	Residual reliance on legacy and end-of-life infrastructure components within a hybrid environment may affect performance, resilience, supportability, and long-term scalability.	The Scheme is progressively modernising its technology environment through hosted and cloud migration initiatives, improved infrastructure resilience-planning, and the reduction of dependency on selected on-premise components.
Cybersecurity Threats	12	Exposure to ransomware, phishing, and data breaches affecting sensitive data.	The Scheme continued to strengthen its cybersecurity control environment through selected security technology enhancements, vulnerability remediation, user access hygiene improvements, awareness initiatives, and ongoing improvement of monitoring and protection capabilities.
Member Demographics	8	Ageing membership profile and limited attraction of younger, low-risk members.	Targeted acquisition and retention strategies, product optimisation, and improved distribution channels.
Solvency Risk	7	Pressure on solvency ratios within a constrained economic environment.	Strengthened clinical risk management, cost-containment initiatives, and risk-based capital modelling.

STRATEGIC RISKS

RISK AREA	RESIDUAL RATING	KEY ISSUES	ACTIONS PLANNED/UNDERWAY
Stakeholder Interruption	11	Reliance on third-party service providers that impact operational continuity	The Scheme continued to strengthen its business continuity and disaster recovery approach through planning, stakeholder engagement, and the review of continuity dependencies, while broader testing and maturity development remain in progress.
Cybersecurity (Strategic)	9	Increasing sophistication of cyber threats across the sector	Cybersecurity risk mitigation remained a priority during the year, with efforts focused on strengthening access controls, enhancing monitoring capabilities, improving vulnerability management, and promoting good cyber hygiene practices.
Reputation Risk	9	Risk of reputational damage owing to service delivery failures or negative perception	Enhanced stakeholder engagement, improved complaints management, and digital presence
Membership Risk	9	Member attrition driven by market competition	Strengthened value proposition and employer engagement strategies
Regulatory Risk	8	Exposure to fraud, waste, and abuse (FWA) and regulatory non-compliance	Strengthened FWA monitoring frameworks and improved compliance-reporting
Customer Anti-Selection	7	Limited underwriting flexibility within regulatory constraints	Ongoing refinement of underwriting strategies and monitoring of membership risk trends

5. RISK MANAGEMENT PERFORMANCE

During this period, the review of the risk register remained a standard item on the Board agenda.

New entries reflected emerging trends and mitigation controls. Risk workshops were carried out with the Board and senior management to refine risk perspectives and align mitigation strategies.

Staff awareness initiatives continued during the year, with an emphasis on cybersecurity awareness and data protection responsibilities. Business continuity and disaster recovery-planning progressed further during the reporting period, although elements of documentation, validation and testing remain in development. Technology and cybersecurity readiness also improved through targeted remediation, software enablement, and enhanced monitoring in selected areas.

6. EMERGING RISKS

Evolving risk themes are actively being monitored within SAMWUMED:

- The increasing reliance on AI and automation demands more adaptive cybersecurity and data governance practices,
- Reforms in the health-care environment are expected to introduce new compliance challenges,
- The introduction of the National Health Insurance (NHI) is being closely monitored,
- The evolution of the workforce and the rise of remote work presents challenges in maintaining service quality and employee engagement; and
- Climate and environmental risks, including extreme weather events, have the potential to disrupt operations and the health-care supply chain.

7. OUTLOOK AND PRIORITIES (2026)

Looking ahead, the Audit and Risk Committee has proposed the following key actions:

- Accelerate investment in IT infrastructure and cybersecurity systems to ensure resilience against emerging threats,
- Strengthen stakeholder engagement, particularly around disaster recovery and business continuity-planning,
- Promote risk ownership and accountability across all departments; and
- Allocate strategic resources to support SAMWUMED's transition to an integrated risk maturity level by 2028.

8. CONCLUSION

SAMWUMED continues to adopt a proactive and forward-looking approach to risk management. The Scheme's commitment to transparency, sound governance, and continuous improvement ensures it is well-positioned to navigate future uncertainty while delivering long-term value to its members and broader stakeholder community.

5.

PERFORMANCE

VALUE-CREATION AND PROTECTION ACROSS THE SIX CAPITALS

SAMWUMED's business model is designed to create sustainable value for its members and stakeholders through the effective management and integration of six key resources: financial, intellectual, manufactured, social and relationship, human, and natural.

1. FINANCIAL CAPITAL

As defined by the Medical Scheme Act, the Scheme is a non-profit entity with its key revenue sources being the contributions from members and the returns from Investments.

SAMWUMED began the year with the following Input Capital:

- Accumulated Reserves (Insurance liability for future members: R1,361b
- Invested Funds: R1.371billion.

Based on the operational and finance activities as described above, the Scheme ended the year with the following outputs:

- Net surplus (Amount attributable to future member): R233.82 million
- Invested Funds: R1.589 billion
- Accumulated Reserve (Insurance liability for future members): R1.596 billion

The results demonstrate the effectiveness of SAMWUMED's efforts to maintain sound financial and investment management practices. While investment performance has contributed positively to the Scheme's financial position, the investment returns remain subject to market conditions beyond its control. As a result, the Scheme continues to focus on strengthening and sustaining its key revenue streams to support long-term financial sustainability.

2. INTELLECTUAL CAPITAL

The Scheme leverages systems, processes, knowledge, data and skills to create value for members and stakeholders in a highly regulated and evolving health care environment. By investing in robust information systems, streamlined business processes and the effective application of staff expertise, the Scheme enhances operational efficiency, supports informed decision making and drives service innovation. Strong intellectual capital underpins member satisfaction, brand loyalty and organisational agility. This enables SAMWUMED to respond proactively to changing member needs, regulatory developments and industry dynamics.

INITIATIVES DURING YEAR UNDER REVIEW:

Digital engagement channels continued to support member service accessibility during the year under review. WhatsApp engagement increased following its introduction, so providing members with an additional support channel for accessing operational assistance and information. The introduction of PAXI as a card distribution channel also improved the efficiency of member card delivery during FOA-related onboarding activity.

3. MANUFACTURED CAPITAL

The organisation's ICT infrastructure is a critical component of its Manufactured Capital as it underpins daily operations, enables strategic initiatives, and strengthens digital resilience.

INFRASTRUCTURE OVERVIEW

The Scheme's ICT environment consists of a controlled hybrid technology landscape that supports current operations while enabling a planned transition towards a more cloud-enabled operating model. Core systems are being migrated to hosted and cloud-based platforms to improve resilience, scalability, and supportability, while selected on-premise components continue to be managed during the transition period.

TECHNOLOGY LIFE CYCLE AND INVESTMENT STRATEGY

The ICT strategy is focused on balancing operational stability, cost-effectiveness, and progressive modernisation. During the year under review, selected infrastructure components were refreshed, and the Scheme continued its longer-term approach of reducing dependence on end-of-life on-premise infrastructure in favour of more scalable hosted and cloud-based services.

SUSTAINABILITY IN ICT

Sustainability considerations are integrated into the Scheme's ICT operations. Efforts to reduce environmental impact include extending the useful life of hardware where practical and ensuring the responsible disposal of end-of-life equipment. Functional assets that are no longer required are either recycled through certified e-waste providers, made available to employees, or donated to charitable organisations.

CYBERSECURITY IMPROVEMENTS

The Scheme continued to strengthen its cybersecurity environment through improvements in user and device hygiene, vulnerability remediation, structured patch management, as well as other control enhancements designed to reduce risk and improve resilience.

VALUE CREATION

The Scheme's ICT environment supports business continuity, operational efficiency, digital enablement, as well as the broader strategic objective of modernising member and operational service delivery.

4. SOCIAL AND RELATIONSHIP CAPITAL

SAMWUMED is consistently building and sustaining strong stakeholder relationships.

The Scheme's efforts have been focussed on aligning its Corporate Social Responsibilities (CSR) to the United Nations Sustainable Development Goals (SDGs). This includes goal number 3 of the SDGs that is to ensure healthy lives and promote well-being for all ages.

SAMWUMED HAS ACHIEVED THIS THROUGH:

- Organised health talks and wellness days for members at their workplaces including encouraging members' dependents to undergo wellness screenings at primary health-care clinics such as Clicks and Dis-Chem,
- Partnering with local health-care providers to offer vaccinations, i.e. HPU for girls under 16 years of age and flu vaccination for the elderly and those whose immune systems are compromised,
- Promoting mental health awareness through various campaigns and programmes,
- Community Outreach initiatives such as beanie drives for the underprivileged communities; and
- Member engagement through digital platforms, surveys and education campaigns.

5. HUMAN RESOURCES CAPITAL

SAMWUMED remains committed to developing a high-performance, values-driven organisational culture by investing in its people and strengthening human capital practices that promote accountability, inclusivity, and sustainable growth. During the 2025 financial year, the Scheme continued to align its human capital strategy with its broader organisational objectives, so ensuring that its workforce remains agile, capable, and responsive to the evolving healthcare landscape.

Key human capital priorities and achievements for the year under review included:

- **Comprehensive Role Clarity and Job Architecture:** All job descriptions across the Scheme were reviewed and updated to reflect current operational needs and strategic priorities. This process enhanced role clarity, strengthened accountability, and ensured alignment between individual responsibilities and organisational goals.

- **Job Evaluation and Grading:** A formal job evaluation process was completed by external experts for all job roles within the Scheme. This initiative supports fairness and equality in ensuring that all jobs across the Scheme are correctly graded.

- **Market-Related and Competitive Remuneration:** Annual salary benchmarking was conducted through a reputable external remuneration consultancy to ensure that SAMWUMED's compensation framework remains competitive and aligned with market trends. This approach strengthens the Scheme's ability to attract, retain, and motivate high-performing employees.

- **Building Stakeholder Relationships:** The Scheme maintained constructive and collaborative engagement with organised labour, thus fostering a stable and positive employee relations climate. Ongoing dialogue with union representatives enabled proactive resolution of workplace matters and contributed to organisational stability.

- **Policy Governance and Legislative Compliance:** Human Capital policies were reviewed and updated to align with legislative amendments and emerging best practices. This ensures compliance while reinforcing fair, consistent, and transparent people management practices across the organisation.

- **Learning and Development Initiatives:** Training and development programmes remains one of the key focus areas of the Scheme to strengthen technical competencies, leadership capability, and to build a resilient workforce.

- **Performance Management:** The Balanced Scorecard Performance Management System continued to align individual performance with the Scheme's strategic objectives. This framework enables clear goal-setting, continuous performance monitoring, and measurable contribution to organisational outcomes.

- **Diversity, Equity and Inclusion (DEI):** SAMWUMED remains committed to fostering a diverse and inclusive workforce reflective of South Africa's demographics. Diversity and inclusion initiatives continue to support innovation, enhance employee engagement, and strengthen organisational resilience.

- **Employment Equity and Transformation:** A revised five-year Employment Equity Plan was developed and submitted in line with legislative amendments. The plan outlines targeted actions to advance transformation and improve equitable representation across all occupational levels.

6. NATURAL CAPITAL

SAMWUMED recognises its responsibility to contribute to environmental sustainability and the preservation of natural capital through the strategic alignment of its Corporate Social Responsibility (CSR) initiatives with the United Nations Sustainable Development Goals (SDGs).

This commitment is reflected in targeted interventions aimed at environmental stewardship, climate action, and sustainable operations. The Scheme actively promotes water conservation and awareness of sanitation and encourages energy-efficient practices across its operations. These environmentally focused initiatives are supported by stakeholder engagement and ongoing monitoring to ensure that the Scheme contributes meaningfully to environmental stewardship and long-term sustainability.

6.

SCHEME OUTLOOK

SAMWUMED enters the next phase of its strategic plan with a clear focus on growth, resilience, and sustainable value creation for members.

Despite ongoing macroeconomic and sector-specific pressures, including affordability constraints and shifting employment dynamics within the local government sector, the Scheme is proactively positioning itself to capture growth opportunities through targeted membership expansion and product optimisation. A key priority is the accelerated recruitment of younger, healthier members to rebalance the risk profile and strengthen long-term sustainability.

The Scheme will continue to leverage its integrated health-care model, strategic provider partnerships, and managed care capabilities to drive cost-efficiency while maintaining high-quality outcomes. Concurrently, investments in digital transformation, data analytics, and service innovation will enhance operational agility, improve member experience, and enable more responsive, evidence-based decision-making.

Aligned to its 2023 – 2027 Strategic Plan, SAMWUMED remains committed to disciplined execution, strong governance, and continuous improvement in both financial and clinical performance. These initiatives position the Scheme not only to withstand current pressures but to deliver sustainable growth and reinforce its role as a trusted and competitive provider of accessible, affordable, and quality healthcare within the municipal sector.

7.

GOVERNANCE

The South African Municipal Workers Union National Medical Scheme (SAMWUMED) is governed primarily in accordance with the Medical Schemes Act 131 of 1998, which provides the legislative framework for the operation and regulation of Medical Schemes in South Africa. SAMWUMED's governance practices are aligned with the principles and recommended practices of King IV, supporting ethical leadership, transparency, and accountability.

Technology and information-related risks are governed through the Scheme's broader governance and risk management structures, with management oversight focused on information security, systems resilience, digital enablement, and operational continuity. Technology matters are reported through appropriate management and governance forums and, where relevant, escalated to the Audit and Risk Committee and Board structures for oversight.

BOARD OF TRUSTEES

The Board of Trustees is the Scheme's highest decision-making authority and is responsible for overseeing the overall governance and strategic direction of SAMWUMED. The Board ensures that the Scheme complies with all regulatory requirements, safeguards the interests of its members, and maintains financial sustainability. It is also responsible for approving policies, monitoring performance, and managing risks.

The Board consists of elected and appointed Trustees, thus representing both the interests of Members and the Scheme.

Lindani Sibiya
Chaiperson
(Member elected)

Mampho Marule
Deputy Chairperson
(Member elected)

Molwanta Ishmael Solomon
(Trade Union appointed)
Term ended 30/09/2025

John Simphiwe Mcanjana
(Trade Union Appointed)
Term ended 30/09/2025

Monwabisi Langa
(Trade Union appointed)
Term ended 30/09/2025

Mthokozisi Nzuza
(Member elected)

Nandipha Bhozo
(Member elected)

Rose Letsoalo
(Member elected)

Sharon Dube
(Member elected - Pensioner Trustee)

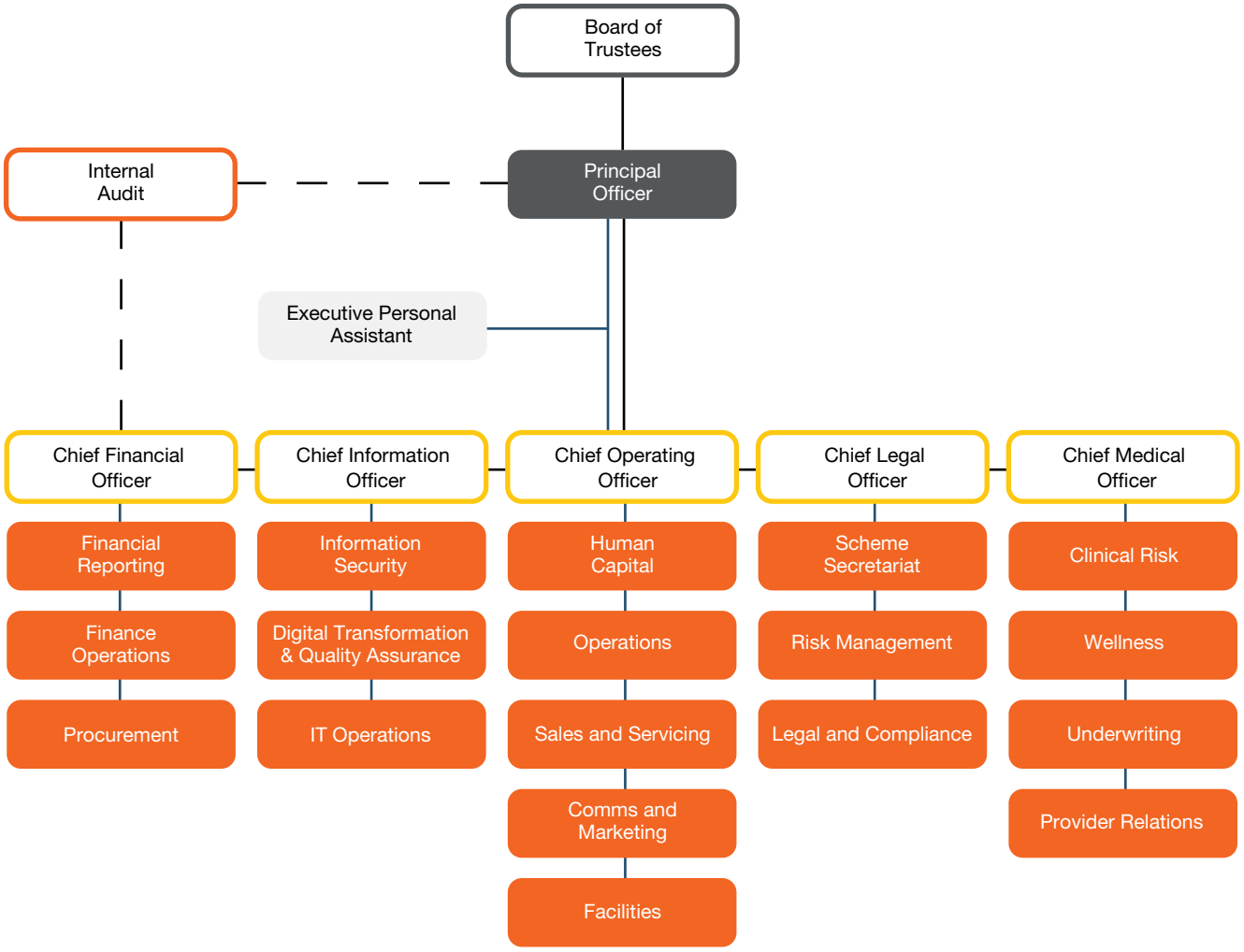
Siyabonga Dladla
(Trade Union appointed)
Term ended 30/09/2025

ORGANOGRAM

COLOUR KEY

Executive

Function



COMMITTEES OF THE BOARD

To enhance oversight and effectiveness, the Board has established several committees, each with specific mandates.

AUDIT AND RISK COMMITTEE (ARC)

This committee provides oversight of financial reporting, internal controls, compliance, and risk management. The ARC is a statutory committee established in terms of Section 36 of the Medical Schemes Act and in terms of SAMWUMED Medical Scheme Rules. The ARC provides independent oversight of the effectiveness of the Scheme's assurance functions and services, with particular focus on combined assurance arrangements including external service providers, internal audit and the finance function.

The Committee also oversees key technology and information-related risks, including cybersecurity, business continuity, as well as the adequacy of selected technology controls where these are material to the Scheme's risk profile and operational resilience.

BENEFIT REVIEW COMMITTEE (BENCOM)

Reviews and recommends benefit options and changes to ensure they remain sustainable and meet member needs. The BENCOM is a technical committee tasked with the responsibility of annual rule amendments relative to annual benefits and contributions. It utilizes data and other relevant information to ensure that amendments are in line with members' needs within the overall financial constraints of the Scheme. The purpose of the committee is to assist the Board in investigating and maintaining appropriate benefit and pricing on behalf of the Scheme, taking into account the Scheme's long terms philosophy and solvency targets.

CLINICAL GOVERNANCE AND EX GRATIA COMMITTEE (CGC)

The Clinical Governance and Ex Gratia Committee (CGC) is a Board-appointed Committee that plays a critical role in overseeing clinical governance and clinical risk management. The committee supports fair, clinically informed decision-making within the Scheme. The summary of the committee's functions is as follows:

- Oversight of clinical quality standards to ensure that clinical considerations and trends are appropriately monitored and inform Scheme decision-making.
- Assessment and determination of ex-gratia payment applications, specifically for members facing exceptional clinical or personal circumstances that fall outside the strict application of Scheme Rules.
- Supporting the Board in Ex gratia governance, by assessing, deciding on, and reporting regarding approved Ex gratia payments.
- Providing guidance on benefit design, particularly where clinical trends emerging from clinical oversight and Ex gratia applications highlight gaps, pressures, or risks within existing benefits.

In essence, the CGC ensures that clinical quality, fairness, and ethical consideration are embedded into governance processes, while maintaining alignment with Scheme Rules and the Medical Schemes Act.

FINANCE AND INVESTMENT COMMITTEE (FINCOM)

This manages the Scheme's financial policies, budgets, and investment strategies to ensure long-term financial health. The main purpose of the committee is to assist the Board to oversee all matters as set out in the finance policy and investment policy, strategy statement and make sound business recommendations to the Scheme. The committee is also responsible for the oversight of the finance operations of the Scheme.

REMUNERATION, SOCIAL AND ETHICS COMMITTEE (REMSEC)

REMSEC ensures responsible remuneration practices. It monitors social responsibility, ethical conduct, and stakeholder relationships. The REMSEC plays a distinct role, operating independently from the Board to ensure that the interests of members are appropriately safeguarded in relation to remuneration decisions. It should be noted that REMSEC is not a statutory committee for a medical scheme; however, its establishment is considered a good corporate governance practice.

REPORT OF THE AUDIT AND RISK COMMITTEE

PURPOSE

SAMWUMED's Audit and Risk Committee is a committee of the Board of Trustees. The Board is responsible for setting the governance principles, policies and parameters of the Scheme, while the Audit and Risk Committee oversees the implementation of these principles, policies and parameters and advises the Board accordingly. The Committee operates in terms of formal Terms of Reference approved by the Board of Trustees and is satisfied that it has discharged its responsibilities for the year under review in accordance with those Terms of Reference. One of the Committee's key responsibilities is to oversee the financial reporting process and the audit. SAMWUMED has integrated the Audit Committee and the Risk Committee functions into a single committee structure.

COMPOSITION

The Audit and Risk Committee consists of three independent members who are not members of the Board nor employees of SAMWUMED. Two members also serve on the Board of Trustees. The Chairperson and the independent members possess appropriate qualifications, experience and specialist expertise relevant to the Committee's mandate. The table below summarises the qualifications and experience of the Committee members.

Qualifications and experience of independent Audit and Risk Committee Members

INDEPENDENT MEMBERS	HIGHEST QUALIFICATION	YEARS OF EXPERIENCE
Mr CM Phehlukwayo (Chairperson as from November 2020)	• B. Compt (Unisa) • PGDA (Natal) CA (SA)	33
Ms Fikile Mkhize (Member as from November 2020)	• B. Comm (Natal) • MBL (Unisa), • Applied Directorship Programme (Sirdar)	30
Mr Patrick Ganesan (Member as from November 2020)	• BSC (UKZN) CISA, • CRISC, • CISM, • CGEIT, • CDPSE	23

TRUSTEE MEMBERS	HIGHEST QUALIFICATION	YEARS OF EXPERIENCE
Mr Mthokozisi Nzuza (Member as from September 2020)	• B. Admin (Hons - University of Zululand, • Project Management Certificate (University of Pretoria), • Municipal Finance Management Programme (University of Pretoria)	23
Mr Ishmael Solomon (Member as from September 2020)	• National Certificate: Water and Wastewater Treatment Process Operations • Former PR Councillor for Frances Baard District Municipality • Former ANC Branch Chair and SAMWU Provincial Chair	23

The Principal Officer and members of senior management attend Committee meetings by standing invitation, as required. The Committee operates in accordance with written Terms of Reference approved by the Board of Trustees.

The Committee met eight times during 2025. All meetings were held virtually, except for the Risk Workshop.

DATES OF 2025 MEETINGS

- Risk Workshop: 24 February 2025
- Q1 reporting: 12 March 2025
- Special meeting – mediation meeting (internal auditors and management): 9 April 2025
- Special meeting – approval of annual financial statements: 22 April 2025
- Q2 reporting: 22 May 2025
- Special meeting – external auditors: 5 August 2025
- Q3 reporting: 18 August 2025
- Q4 reporting: 30 October 2025

ROLES AND RESPONSIBILITIES OF THE AUDIT AND RISK COMMITTEE

The principal roles and responsibilities of the SAMWUMED Audit and Risk Committee include the following:

- Overseeing the financial-reporting process to ensure credibility, integrity and objectivity. The Committee seeks reasonable assurance that financial disclosures made by management are objective, complete and timely, and appropriately reflect SAMWUMED's financial position, results of operations, plans and long-term commitments.
- Overseeing the effectiveness and efficiency of the internal audit function.
- Ensuring the integrity of the external audit process and monitoring the independence of the external auditors.
- Reviewing and monitoring the Scheme's risk management progress and maturity, the effectiveness of risk management activities, the key risks facing the Scheme, and the responses to those risks.
- Ensuring that a combined assurance model is applied to provide a coordinated approach to all assurance activities.
- Ensuring that the Board of Trustees is informed of matters that may have a significant impact on the financial position or affairs of SAMWUMED.
- Monitoring if recommendations made by the internal and external auditors are implemented by management on a timely basis.

The Committee complied with its legal, regulatory and other responsibilities during the period under review. The Committee also maintained a transparent and constructive working relationship with the Chief Financial Officer, who is the executive responsible for the finance function.

AUDITOR INDEPENDENCE

The Audit and Risk Committee is satisfied that SAMWUMED's external auditors remained independent throughout the year under review.

ANNUAL FINANCIAL STATEMENTS AND ACCOUNTING PRACTICES

The Audit and Risk Committee is satisfied that the annual financial statements for the year ending 31 December 2025 fairly present the financial position of the Scheme and that appropriate accounting policies were applied. The committee accordingly recommended the annual financial statements to the Board of Trustees for approval.

INTERNAL FINANCIAL CONTROLS

The Audit and Risk Committee continually monitors if internal control recommendations made by the internal and external auditors are implemented timeously. The committee is satisfied that the internal financial control environment is adequate, effective and appropriately responsive to identified weaknesses.

ENTERPRISE RISK MANAGEMENT

SAMWUMED established an enterprise-wide risk management function in 2022.

A Risk Management Forum was also established in 2022 and continues to support the effective execution of its intended activities. The Forum is responsible for maintaining the Scheme's operational risk register and considers operational risks at its monthly meetings.

SAMWUMED's approved Risk Management Framework is reviewed annually and serves as the overarching guide for the implementation of the enterprise risk management function. In addition, the Scheme's strategic risk register is updated quarterly following consideration by the Executive Committee before being presented to the Audit and Risk Committee.

COMMITTEE MANDATE AND CHARTER

The committee discharged its responsibilities in accordance with its Board-approved Terms of Reference, which are reviewed annually to ensure continued alignment with applicable legislation, governance requirements and emerging best practice. The Committee is satisfied that its mandate remained appropriate during the year under review and that it fulfilled its statutory, fiduciary and delegated responsibilities.

MEETING ATTENDANCE AND GOVERNANCE PROCESSES

In addition to the scheduled meetings, the committee maintained an ongoing engagement with management, internal audit, external audit and relevant assurance providers

as required.
The committee agenda is structured to ensure adequate coverage of financial reporting, governance, risk, compliance, assurance and internal control matters. The Chairperson of the committee reports to the Board of Trustees after each meeting on key matters, decisions taken and recommendations requiring Board attention.

KEY MATTERS CONSIDERED DURING THE YEAR:

- The integrity of the annual financial statements and related financial disclosures,
- The adequacy and effectiveness of internal financial controls and the broader internal control environment,
- The status of significant risks and the effectiveness of management's mitigation plans,
- Internal audit findings, management action plans and progress in remediating control deficiencies,
- The independence, performance and quality of the external audit process, including the extent of permissible non-audit services; and
- Material compliance, fraud risk, information technology and other governance matters relevant to the Committee's mandate.

INTERNAL AUDIT

The Committee considered the internal audit plan, scope of work, independence, resources and performance of the internal audit function. The Committee is satisfied that internal audit adopted a risk-based approach and provided objective assurance on the adequacy and effectiveness of governance, risk management and internal control processes. The committee also monitored management's implementation of agreed corrective actions arising from internal audit findings.

COMBINED ASSURANCE

The committee supports a combined assurance approach to enhance the quality of assurance to the Board and to reduce duplication of effort across assurance providers. In performing its oversight responsibilities, the Committee considered assurance provided by management, risk management, compliance, internal audit, and external audit, and assessed whether key risks and control matters were being addressed effectively.

COMPLIANCE AND LEGAL OVERSIGHT

The committee monitored compliance with applicable laws, regulations, governance standards and internal policies relevant to the Scheme. Where compliance breaches, control weaknesses or regulatory matters were identified, the committee considered management's remediation plans and monitored progress to resolution. The committee is satisfied that no material regulatory matter came to its attention during the year that was not appropriately addressed or disclosed.

FRAUD, ETHICS AND WHISTLE-BLOWING

The committee oversaw matters relating to fraud risk management, unethical conduct and the effectiveness of mechanisms for the reporting of concerns. It expects allegations received through formal reporting channels to be independently assessed and, where necessary, investigated and reported in accordance with approved protocols. The committee also monitored if appropriate consequence management and control enhancements were implemented in response to substantiated matters.

INFORMATION TECHNOLOGY AND CYBERSECURITY RISK

Recognising the increasing importance of technology-enabled operations and data protection, the committee considered information technology risks relevant to financial reporting, operations, governance and member information. This included oversight of key controls relating to system access, data integrity, cybersecurity awareness, business continuity and the management of technology-related incidents that may affect the Scheme's control environment or stakeholder confidence.

EVALUATION OF COMMITTEE EFFECTIVENESS

The committee considered if it had appropriate skills, experience and access to information to execute its mandate effectively. Based on the work performed during the year, the committee is satisfied that it operated effectively, members contributed meaningfully to deliberations and it received adequate support from management and assurance providers to discharge its responsibilities.

FOCUS AREAS FOR THE COMING YEAR

In the coming year, the committee will continue to focus on the integrity of financial-reporting, the strengthening of internal controls, the maturity of the enterprise risk management framework, progress on remediation of audit findings, regulatory compliance, fraud risk management, and the resilience of information technology and cybersecurity controls. The committee will also continue to refine the combined assurance approach to support effective oversight by the Board.

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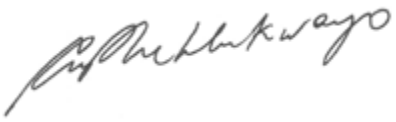

MR CM PHEHLUKWAYO
CHAIRPERSON: AUDIT AND RISK COMMITTEE

BENEFIT REVIEW COMMITTEE (BENCOM)

PURPOSE

The Benefit Review Committee (BENCOM) serves as a technical advisory body to the Board and is responsible for recommending annual rule amendments that are related to benefits and contributions. Using data and relevant information, it ensures that changes balance member needs with the Scheme's financial sustainability.

The committee supports the Board in maintaining appropriate benefit structures and pricing that are aligned with the Scheme's long-term philosophy and solvency targets. It convenes from April to August each year to finalise recommendations, ensuring compliance with the Council for Medical Schemes' 30 September submission deadline.

COMPOSITION AND MEETING ATTENDANCE

The Committee's Charter states that BENCOM consists of the following:

- Chief Medical Officer (who serves as the Chairperson of BENCOM),
- The Chairperson of the Board of Trustees,
- Four Trustees,
- Principal Officer; and
- Chief Legal Officer (ex-officio).

The Committee met five times during 2025, on the following dates:

- 14 April 2025,
- 02 June 2025,
- 27 June 2025,
- 31 July 2025; and
- 19 August 2025.

NAME	ROLE	DATE OF APPOINTMENT	MEETINGS ATTENDED
Ms Francina Mosoeu	Acting Chairperson / Principal Officer	September 2020	5/5
Mr L Sibiya	Member/Board of Trustees Chairperson	September 2020	4/5
Ms N Bhozo	Member/Trustee	September 2020	5/5
Ms MR Letsoalo	Member/Trustee	September 2021	5/5
Mr S Dladla	Member/Trustee	May 2023	4/5
Mr M Langa	Member/Trustee	May 2023	5/5
M. A Le Roux	Ex Officio/Chief Legal Officer	September 2020	5/5

KEY FOCUS AREAS IN FY2025

During the year under review, the Benefit Review Committee focused on strengthening benefit design, enhancing managed care interventions, and supporting the Scheme's long-term financial sustainability. Key areas of consideration included a range of proposed benefit enhancements and network initiatives for 2026, such as the Emergency Room Network, Integrated Chronic Care Network, PET/CT Scan Network, the introduction of a TAVI prosthesis benefit, expanded contraceptive benefits for Option B, non-PMB chronic medication funding, external prosthesis funding, palliative care, and selected preventative care initiatives. The Committee also reviewed proposals relating to the removal of the Overall Annual Limit for Option B, as well as matters concerning late joiner penalties, capitation arrangements, operational rule amendments, and income band adjustments.

Based on the recommendations presented and the actuarial pricing assessment, the Board approved the 2026 benefit proposals and a contribution increase of 8.9% across all options.

BENCOM conducted its annual self-assessment to evaluate its effectiveness, identify areas for improvement, and ensure alignment with governance of best practices and organisational goals. The assessment is a tool used to promote accountability, support continuous improvement, and ensure that the committee remains responsive to the evolving needs of the Board and the Scheme.

PLANNED FOCUS AREAS IN FY2026

In 2026, BENCOM will continue to strengthen patient safety, health-care quality, and clinical risk management. Key focus areas or activities for the committee include overseeing clinical audits, reviewing clinical policies, monitoring adverse events, supporting professional development and credentialing, as well as promoting a culture of ethics, transparency, and evidence-based practice. Priority areas for 2026 include advancing care coordination and promoting community-centric models that address social health determinants. The Scheme will focus on implementing an evidence-based benefit design that empowers members to take greater responsibility for their health while maintaining their choice of healthcare providers and ensuring that any associated cost implications are clearly understood.

It will also focus on promoting member health through wellness and disease-prevention initiatives that will also remain a key focus area, alongside stronger collaboration with employers, national health services, and broader health-care infrastructure.

Affordability and care coordination will continue to be emphasised, so ensuring specialist access that will be managed through primary care referrals and benefit design that is targeted at essential, cost-effective health-care services.

Robust clinical and member risk management strategies will continue to be enhanced, with strict compliance to the Scheme Rules and regulatory requirements. It will strive to uphold strong partnerships with practitioners and facilities. This will continue to be fostered to secure member benefits and manage health-care costs effectively.

SIGNED BY:

_____

MS FRANCINA MOSOEU
ACTING CHAIRPERSON: BENCOM

CLINICAL GOVERNANCE COMMITTEE (CGC)

PURPOSE

The Clinical Governance and Ex Gratia Committee (CGC) plays a key role in overseeing clinical governance and clinical risk management, thus enabling fair and clinically sound decision-making within the Scheme. Its responsibilities include monitoring clinical quality standards and ensuring that clinical trends and considerations inform Scheme decisions.

The committee also assesses and decides on ex gratia payment applications in terms of Rule 26.14 of the Scheme Rules for members facing exceptional clinical or personal circumstances that fall outside the normal application of the Rules. In addition, it supports the Board's ex gratia governance by considering, approving, and reporting on these payments. The CGC also provides input on benefit design where insights from clinical oversight and ex gratia applications reveal gaps, pressures, or risks in existing benefits. Overall, the committee helps to embed clinical quality, fairness, and ethical consideration in governance processes while maintaining compliance with the Scheme Rules and the Medical Schemes Act.

COMPOSITION AND MEETING ATTENDANCE

The committee's Charter states that GCG consists, at a minimum, of the following members:

- One Independent Member,
- One Board of Trustee Member,
- The Principal Offer (ex officio); and
- The Scheme's Chief Medical Officer.

The committee met four times during 2025, on the following dates:

Meeting dates for 2025

- Q1 Reporting: 5 March 2025
- Q2 Reporting: 8 May 2025
- Q3 Reporting: 7 August 2025
- Q4 Reporting: 30 October 2025

NAME	ROLE	DATE OF APPOINTMENT	MEETINGS ATTENDED
Dr V Memela	Chairperson/Independent Committee Member	September 2024	4/4
Ms S Dube	Trustee	September 2020	4/4
Ms F Mosoeu	Ex Officio/Principal Officer	September 2020	4/4
Ms A Le Roux	Ex Officio/Compliance Officer	September 2021	4/4
Dr N Buhlungu	Chief Medical Officer/ Committee Member	October 2025	1/4

KEY FOCUS AREAS IN 2025

The CGC monitored key areas including claims ratios, Masterfile management, FWA interventions, the PMB mandate, referral process improvements, Scheme Rule updates, the General Practitioner (GP) model framework, underwriting enhancements, and support for the annual benefits review led by the Benefit Review Committee (BENCOM).

In 2025, the Clinical Governance Committee (CGC) continued to address key clinical risks and operational pressures. Although claims experience decreased by 1.5% per life per month compared with 2024, rising hospital and specialist costs, together with the Scheme's overall disease burden, continued to impact reserves. Additional pressures arose from deteriorating Scheme demographics, with the average member age increasing to 35.6 years from December 2024 and chronic prevalence rising to 26.2%.

Claims pressure in 2025 was evident in medicine and day-to-day benefits. There was also rising mental health costs, as well as the financial impact of Prescribed Minimum Benefits (PMB) interpretations.

The CGC monitored the performance of the introduced capitation arrangements. One year after the institution of capitation arrangements with DENIS and PPN, (Dental and Optical Service Providers), the Scheme has seen a reduction in dental and optical claims over time.

The Scheme focused on improving chronic disease outcomes, managing member behaviour and anti-selection, optimising managed care processes, strengthening fraud, waste and abuse (FWA) controls, enhancing operational integration, and preparing for future pandemics.

The CGC also monitored the Scheme's Clinical Risk Management (CRM) Strategy to ensure alignment with the Scheme Rules and applicable regulations. The strategy emphasises provider choice with shared cost responsibility, member health promotion, collaboration across the health-care system, care coordination through GP nomination and specialist networks, evidence-based funding in line with Scheme Rules, and long-term affordability.

Member education remained a priority.

PLANNED FOCUS AREAS IN 2026

In 2026, the CGC will focus its oversight on the following priority areas to support clinical quality, affordability, compliance, and member value:

1. CLINICAL QUALITY AND CARE MANAGEMENT

- Implement and review the CRS to maintain clinical quality standards.
- Review hospital admissions, utilisation patterns, and hospital-related costs.
- Monitor outcomes-based disease management for priority conditions, including diabetes.
- Strengthen monitoring of clinical quality, patient safety indicators and provider performance.

2. PROVIDER NETWORKS AND CARE COORDINATION

- Evaluate hospital network performance, efficiencies, cost-coverage, and realised savings.
- Assess the impact of family practitioner, specialist, renal, and pharmacy networks on access and efficiency.
- Monitor care coordination through GP nomination, referral pathways, and specialist network utilisation.
- Assess new and existent ARM in support of a value-based care approach.

3. FINANCIAL SUSTAINABILITY AND BENEFIT OVERSIGHT

- Monitor demographic changes and their impact
- Monitor key cost drivers quarterly
- Analyse actuarial reports, including financial results, claims experience, fee trends, high-cost cases, and day-to-day claims
- Assess benefit pressures, utilisation trends, and affordability risks to inform sustainability decisions
- Ensure consistent application of ex gratia awards and oversight of the ex-gratia budget

4. GOVERNANCE, POLICY, AND COMPLIANCE

- Review funding policies and clinical protocols to support evidence-based decision-making and compliance with Scheme Rules and regulations
- Monitor clinical governance priorities that support value-based contracting and regulatory alignment

5. PREVENTION, MEMBER SUPPORT, AND HEALTH PROMOTION

- Strengthen member education and communication to support informed benefit use, preventive care, and adherence to care pathways
- Promote preventive care and health promotion initiatives to improve long-term outcomes and moderate future claims growth

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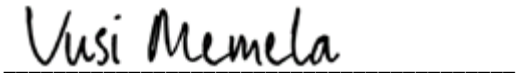


DR V MEMELA
CHAIRPERSON: CLINICAL GOVERNANCE AND EX-GRATIA COMMITTEE

FINANCE AND INVESTMENT COMMITTEE (FINCOM)

The Finance and Investment Committee is a committee of the Board of Trustees with the mandate to assist the Board in fulfilling its oversight responsibilities over financial matters, including monitoring the Scheme's investment decisions and activities and its financial performance. The Committee's mandate is outlined in its written Charter.

The Committee consists of five members, three being members of the Board of Trustees and two Independent Committee Members who are not officers of the Scheme. The Chairperson of the Committee is the Board of Trustees Chairperson as per the approved Committee Charter.

COMPOSITION OF THE FINANCE AND INVESTMENT COMMITTEE:

NAME	DATE OF APPOINTMENT
Mr L Sibiya (Chairperson – Trustee)	Appointed September 2020
Mr M Marule (Committee Member – Trustee)	Appointed March 2022
Mr J Mcanjana (Committee Member – Trustee)	Appointed September 2023
Mr J. Mbonani (Independent Committee Member)	Appointed November 2020
Mr A. Wakaba (Independent Committee Member)	Appointed November 2020

The Committee met three times during the year, where the Executive Team and Management were invited to all the meetings. These were held on the following dates:

- 17 February 2025 (quarterly meeting),
- 07 May 2025 (quarterly meeting); and
- 12 August 2025 (quarterly meeting).

Owing to the expiry of the terms of office of both the Board of Trustees and its committees, only three meetings were held during the year, compared to the prescribed four.

ROLES AND RESPONSIBILITIES OF THE FINANCE AND INVESTMENT COMMITTEE

REVIEW OF FINANCIAL ACTIVITIES

One of the responsibilities of the Committee is to oversee the financial operations of the Scheme including the applicable policies.

The Committee was provided with and reviewed various reports throughout year indicating the progression of the financial activities of the Scheme. It is pleasing for the Committee to report on the positive progress achieved over the year with the Scheme delivering another surplus. This was a significant multiple of the prior year results and far in excess of the budget. The Committee believes that a firm foundation has been laid for the positive performance and as such will continue to work with Management to ensure that these positive outcomes are sustained.

The Committee also reports that it has reviewed the relevant financial policies of the Scheme and is satisfied that they continue to serve the purpose of the Scheme/ they were developed for.

In keeping with its mandate, the Committee has reviewed and recommended the Scheme budgets for the year to ensure that they aligned with the Scheme's strategy.

INVESTMENT MANAGEMENT

The Committee is tasked with the responsibility of overseeing the investment activities of Scheme, taking into consideration the mandate as outlined in the investment Policy Statement, the operations of the Scheme, the market factors as well as the investment portfolio performance during the year under review.

Below are the investment objectives as detailed in the Investment Policy Statement:

- Maintain sufficient liquidity levels to pay all benefits and operating expense commitments as these fall due,
- Investment in instruments approved by the Scheme,
- Make adequate provision for possible long-term adverse claims experience,
- Minimise the risk of capital loss or fluctuations in capital values during any 12 months,
- Achieve an annualised overall investment return above the Consumer Price Index (CPI),
- Maintain an appropriately diversified investment strategy,
- Comply with the Medical Schemes Act (MSA) and its Regulations,
- Maximise investment returns through a prudent investment strategy; and
- Maximise investment returns within the accepted risk profile.

The Committee is comfortable that these objectives have been observed in the conduct of the Scheme's investment activities.

MONITORING OF INVESTMENT PERFORMANCE

As part of the mandate, the Committee reviewed the investment portfolio with particular focus on the structure, the asset managers and the performance of the portfolio.

The Committee was satisfied that the structure and composition of the portfolio were sound and aligned with the Scheme's strategic objectives, the Investment Policy Statement, and the requirements of the Medical Schemes Act.

While the Committee was satisfied with the above elements, it identified opportunities to strengthen the portfolio further without compromising its risk profile. To capitalise on these opportunities, the Scheme terminated the mandate of Stanlib and appointed Ashburton Asset Managers.

The committee noted the major fluctuations in the market and was comfortable that in spite of those elements, the Scheme's investment portfolio performed well and delivered significant returns, thus providing the required support to the underwriting activities of the Scheme

The performance of the various asset managers and the Investment advisor was reviewed. The Committee was satisfied that they have delivered on their mandates and performed their duties with care and professionalism within the prescribed regulatory requirements.

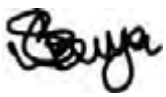
SUBMISSION OF STATUTORY RETURNS

The committee has confirmed that the Scheme has submitted all statutory returns in compliance with the Medical Schemes Act, 131 of 1998.

CONCLUSION

The committee confirms that it has adhered to its terms of reference and has successfully discharged its responsibility and served the best interests of the Scheme and its members ethically and lawfully, and in accordance with the principles and values that the Scheme seeks to affirm and promote.

SIGNED BY:



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Mr Lindani Sibiya
CHAIRPERSON: FINANCE AND INVESTMENT COMMITTEE

REMUNERATION, SOCIAL AND ETHICS COMMITTEE (REMSEC)

PURPOSE

The Committee assists the Board of Trustees in establishing remuneration guidelines and overseeing a remuneration framework that is transparent and aligned with the legislative framework and the Scheme Rules. A formal process is followed to establish fair, reasonable, and transparent remuneration models for employees and independent committee members, taking into account the Scheme's short-, medium-, and long-term interests.

It is also mandated to assist the Board with creating value in a sustainable manner taking into consideration the triple context of the economy, society, and natural environment within which the Scheme operates. The committee consists of three members: the Chairperson of the Committee and the two other members of the Committee are independent members and not officers of the Scheme.

COMPOSITION OF THE REMUNERATION, SOCIAL AND ETHICS COMMITTEE:

NAME	DATE OF APPOINTMENT
Dr N Madiba (Independent Member)	Appointed November 2020
Adv. L Ndziba (Independent Member)	Appointed July 2023
Mr N Qwabe (Independent Chairperson)	Appointed November 2020
Mr L Sibiya (BOT/Ex-Officio)	AGM 2025
Ms MF Mosoeu (PO/Ex-Officio)	—

The Committee held quarterly meetings and special meetings virtually as well as a workshop, which was a physical meeting:

- 29 January 2025 – Special Meeting,
- 10 February 2025 – Q1,
- 08 April 2025 – Q2,
- 09 April 2025 – Special Meeting,
- 20 June 2025 – Special Meeting,
- 01 July 2025 – Q3,
- 22 September 2025 – Special Meeting; and
- 08 October 2025 – Q4.

The Committee carried out its duties by:

Reviewing and overseeing the implementation of the remuneration policy and other human resources policies

The committee reviewed the remuneration policy of the Board of Trustees and several other Human Resources policies. It recommended these for approval by the Board of Trustees. During the committee workshop with management, a total of 10 HR policies were reviewed. It considered and recommended the BOT and committees fee adjustments. The Committee also reviewed management's salary increase proposals that formed part of the wage negotiations with the union.

Compiling the job descriptions of senior staff members directly employed by the Scheme

Management embarked on a project to rewrite job descriptions for all staff and the Committee monitored the job description project until it was completed. It also considered and made recommendations regarding the conversion of indefinite contracts of executives to fixed-term contracts.

Reviewing the performance measures of the BOT and senior staff

The Committee considered the BOT self-assessment that measures its performance against the BOT charter. It conducted its own assessment and identified areas of improvement including ongoing skills development of the Committee members.

Evaluating the balance of skills, knowledge and experience on the BOT

A skills audit for the BOT and committees was conducted by management. The outcome of the skills audit enabled the Scheme to identify skill gaps for the BOT and Committee members.

Ensuring that plans are in place in respect of succession of appointments

Management was in the process of finalising the succession plan for the Scheme. The Committee agreed with management to review the succession plan in the following year. The committee considers succession as a critical aspect of the future sustainability of the Scheme.

Developing an annual work plan

The Committee developed an annual work plan that guided the Committee's work.

Monitoring the Scheme's activities in relation to Social and Economic development, good corporate citizenship, the environment and health

The Committee considered and provided input to the Scheme's Broad Based Black Economic Empowerment (B-BBEE) philosophy. The committee noted that the Scheme has implemented a process to monitor and evaluate the progress of the Broad Based Black Economic Empowerment initiatives. These focused on procurement and recruitment.

SIGNED BY:

Nhlanhla Qwabe

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Mr N Qwabe
CHAIRPERSON REMUNERATION, SOCIAL AND ETHICS COMMITTEE

8.

SUMMARY FINANCIAL STATEMENTS

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business	SAMWUMED is a self-administered medical scheme registered with the Council for Medical Schemes in Compliance with the Medical Schemes Act 131 of 1998.
Board of trustees	N Bhozo S Dube R Letsoalo M Marule G M Nzuza L Sibiya P Pitsi V Diphooko N Kamile N Majova
Registered office	Cnr. Lascelles Road and Trematon Street Athlone 7764
Postal address	P.O. Box 134 Athlone Cape Town 7760
Bankers	First National Bank a division of First Rand Bank Limited and Standard Bank Limited
Auditor	PricewaterhouseCoopers Inc. Registered Auditor
Scheme Registration number	394
Attorney	Malatji and Co. Attorneys
Level of assurance	These summary financial statements have been audited in compliance with the applicable requirements of the IFRS® Accounting Standards and the Medical Scheme's Act (No.131 of 1998) of South Africa.

* For the changes to the composition of the board of trustee please refer to note 4.1.

INDEX

The reports and the statements set out below comprise the summary financial statements presented to the members of the Scheme:

The Board of Trustees hereby presents its report for the year ended 31 December 2025.

Registration number: 394

1. DESCRIPTION OF THE MEDICAL SCHEME

1.1. Terms of registration

SAMWUMED (the Scheme) is a non-profit restricted medical scheme registered in terms of the Medical Schemes Act 131 of 1998 (the Act) as amended.

1.2. Benefit options within SAMWUMED

The Scheme issues two benefit options to members:

- Option A – savings option
- Option B

The risk management strategy of the scheme is to manage the scheme and the benefit options as a whole while adhering to the Medical Schemes Act of South Africa no 131 of 1998 as amended (MSA). Scheme management applied their judgement and concluded that based on the risk management and how the benefit options are managed and priced that the scheme has one portfolio in terms of IFRS 17 and that it is a Mutual entity for the purposes of financial reporting.

2. INVESTMENT STRATEGY OF THE MEDICAL SCHEME

The Scheme's investment objectives are to maximise the return on its funds on a long-term basis at minimal risk. The investment strategy takes into consideration both the requirements set by legislation and those imposed by the Board of Trustees.

All investment decisions are approved by the Board of Trustees based on the following holding true:

- the Scheme remains liquid.
- investments are placed at a minimum risk and the best possible rate of return.
- investments are made in compliance with the Regulations of the Act; and
- premised on our commitment and contribution to a just and fair society.

During the year under review the Scheme had placed a portion of its funds under asset management and in call deposits. The Schemes investment policy is reviewed taking into consideration compliance with the Act, the risk and returns of various investment instruments and the surplus funds available.

3. MANAGEMENT OF INSURANCE RISK

The primary insurance activity carried out by the Scheme assumes the risk of loss from members and their dependents that are directly subject to the risk. This risk relates to the healthcare needs of Scheme members. As such the Scheme is exposed to the uncertainty surrounding the timing and severity of claims under the insurance contract.

The Scheme manages its insurance risk through benefit limits and sub-limits approval procedures for transactions that involve pricing guidelines, pre-authorisation and case management, service provider profiling, centralised management of risk transfer arrangements, and the monitoring of emerging issues.

3. MANAGEMENT OF INSURANCE RISK (CONTINUED)

The Scheme uses several methods to assess and monitor insurance risk exposures both for individual types of risks and insured overall risks. These methods include internal risk measurement models, sensitivity analysis, scenario analysis and stress testing. The theory of probability is applied to the pricing and provisioning for a portfolio of insurance contracts. The principal risk is that the frequency and severity of claims are greater than expected.

4. MANAGEMENT

4.1. Board of Trustees

The Board of Trustees is appointed in terms of the Scheme Rules. The following were the changes to the composition of the Board of Trustees during the year.

TRUSTEES	DESIGNATION
L Sibiya	(Chairperson - member elected – the board came to an end of its term on 30 September 2025, with a new board being elected effective from 31 March 2026)
S Dube	(Pensioner trustee - the board came to an end of its term on 30 September 2025, with a new board being elected effective from 31 March 2026)
M Marule	(Member elected - the board came to an end of its term on 30 September 2025, with a new board being elected effective from 31 March 2026)
N Bhozo	(Member elected - the board came to an end of its term on 30 September 2025, with a new board being elected effective from 31 March 2026)
R Letsoalo	(Member elected - the board came to an end of its term on 30 September 2025, with a new board being elected effective from 31 March 2026)
M Nzuza	(Member elected - the board came to an end of its term on 30 September 2025, with a new board being elected effective from 31 March 2026)
MI Solomon	(Trade union appointed – resigned on 30 September 2025)
S Dladla	(Trade union appointed – resigned on 30 September 2025)
M Langa	(Trade union appointed – resigned on 30 September 2025)
J Mcanjana	(Trade union appointed – resigned on 30 September 2025)
V Diphooko	(Trade union Appointed – appointed on 31 March 2026)
N Kamile	(Trade union Appointed – appointed on 31 March 2026)
N Majova	(Trade union Appointed – appointed on 31 March 2026)
P Pitsi	(Trade union Appointed – appointed on 31 March 2026)

4. MANAGEMENT (CONTINUED)

Governance matters

In terms of Scheme Rules 24.1 to 24.8, the Board of Trustees must consist of both member elected trustees and trustees appointed by the South African Municipal Workers Union (SAMWU). During 2025, the Scheme successfully completed the election of six (6) member elected trustees; however, SAMWU did not submit the required four (4) appointed nominees within the prescribed timelines, despite having sent in May 2025, the formal informative notification of the elective AGM to be held in September 2025 and repeated requests for the required four (4) appointed nominees. This resulted in the Board temporarily not meeting its full required composition as set out in Rules 24.1.2 [24.1.2.1-24.1.2.3] and 24.4.14.

The Scheme submitted an exemption application to the Council for Medical Schemes within the required prescribed timeline on 30 October 2025 to allow the duly elected six (6) trustees to function as an interim Board to avoid a governance vacuum and ensure continuity in line with Section 32 of the Act. SAMWU subsequently submitted four nominees on 24 November 2025. Following an independent vetting process, some of the nominees did not meet the fit and proper requirements, which necessitated several rounds of nominations, and the repeated vetting process until candidates meeting the governance standards of the Medical Schemes Act and the Scheme Rules were identified. Pending the completion of this process, the Scheme submitted a supplementary exemption application to the Council for Medical Schemes on 30 January 2026. This application sought permission for the duly elected trustees alongside one suitable SAMWU nominee, to function as an interim Board, to avoid a governance vacuum and ensure operational continuity in line with Section 32 of the Act.

During this period, the Council had not provided the required exemption yet and as such the Principal Officer temporarily fulfilled the Board of Trustees' role.

4.2. Principal Officer

M.F. Mosoeu

Cnr. Lascelles Road and Trematon Street
Athlone
7764

P.O Box 134
Athlone
7760

4.3. Registered office address and postal address

Cnr. Lascelles Road and Trematon Street
Athlone
7764

P.O Box 134
Athlone
7760

4.4. Actuaries

Insight Actuaries & Consultants
2nd Floor Gateway West
22 Magwa Crescent
Waterval City Midrand
2066

Private Bag X17
Halfway House
1685

4. MANAGEMENT (CONTINUED)

4.5. External Auditor

PricewaterhouseCoopers Inc.
5 Silo Square
V & A Waterfront
Cape Town
8002

P.O Box 2799
Cape Town
8000

4.6. Asset managers

4.6.1. Coronation Life Assurance Company Limited

7th Floor
Montclare Place
Cnr Campground & Main Roads
Claremont
7708
FSP 49893

P.O. Box 44684
Claremont
7735

4.6.2. Argon Asset Management (Proprietary) Limited

1st Floor - Colinton House
The Oval
1 Oakdale Road
Newlands
7700
FSP 835

4.6.3. M & G Investments Southern Africa (Pty) Ltd

5th Floor - Protea Place
Protea Place
40 Dreyer Street
Claremont
7700
FSP 45199

P.O. Box 44813
Claremont
7735

4.6.4. Ninety-One Fund Managers SA (RF) (Proprietary) Limited

36 Hans Strijdom Avenue
Cape Town
8001

P.O. Box 1826
Cape Town
8000

4. MANAGEMENT (CONTINUED)

4.6.5. Mazi Asset Management (Proprietary) Ltd

4th Floor North Wing
90 Rivonia Road
Sandton
2196

P.O. Box 784583
Sandton
2146

4.6.6. Ashburton Investments (Proprietary) Ltd

2 Merchant Place
9 Fredman Drive
Sandton
2196
FSP 40169
Appointed – 16 September 2025

P.O. Box 786273
Sandton
2196

4.6.7. STANLIB Collective Investments (RF) (Proprietary) Ltd

17 Melrose Boulevard
Melrose Arch
2196
FSP 719
Terminated – 16 September 2025

P.O. Box 202
Melrose Arch
2076

4.6.8. Aluwani Capital Partners (Proprietary) Ltd

EPPF Office Park
24 Georgian Crescent East
Bryanston East
2152
FSP 46196

Private Bag 9959
Sandton
2152

4.6.9. Investment Consultant

Old Mutual Corporate Consultants
2 Oxbow Crescent
The Estuaries
Century City
7441

PO Box 2444
Saxonwold
2132

4. MANAGEMENT (CONTINUED)

4.7. Fixed and Call Account Managers

4.7.1. Rand Merchant Bank

1 Merchant Place
Cnr. Fredman Dr & Rivonia
Sandton
2196
FSP 624

4.7.2. Standard Bank Limited

10th Floor, The Tower
Tower North
Cape Town
8001
FSP 11287

5. ACTUARIAL SERVICES

During the financial year the Scheme's actuaries were Insight Actuaries & Consultants. They were consulted in the determination of the contribution increases and the benefit levels of the Scheme. The actuarial services were secured on a retainer basis for the year under review. The work also included conducting risk assessments claims analysis budget reviews; the IFRS 17 requirements for Best Estimate of Liabilities (BEL) Risk Adjustments (RA) thereon and the Liability for Incurred Claims (LIC) and Liability for Remaining Coverage (LRC); quantitative assessment of reinsurance contract assets held for IFRS 17 purposes and finally, the IAS 19 valuation of the retirement benefit obligations.

6. GUARANTEES RECEIVED BY THE SCHEME FROM A THIRD PARTY

There are no guarantees received by the Scheme from a third party

7. INVESTMENT IN AND LOANS TO PARTICIPATING EMPLOYERS AND OTHER RELATED PARTIES

The Scheme holds no investment in the participating employers of the Scheme's members.

8. REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

The net surplus for the year ended 31 December 2025 was R233 822 479 (2024: R14 312 008). The significant increase of 1 534% compared to the prior year was due to the revaluation gains received on the investment portfolio during the year.

The Scheme's insurance revenue decreased by 5.00% from R1 948 447 950 in the prior year, to R1 851 211 524 for the period ending 31 December 2025.

The prior year summarised annual financial statements were restated to incorporate the changes made in the accounting for capitation agreements. Please refer to note 21 for restatements.

During the year there was a reclassification of the amounts attributable to future members. Please refer to note 21 for restatements.

8. REVIEW OF FINANCIAL RESULTS AND ACTIVITIES (CONTINUED)

8.1. Operational statistics per option

2025	OPTION A	OPTION B	TOTAL
Number of members at year end	11 705	18 173	29 878
Number of dependents at year end	11 004	20 691	31 695
Number of beneficiaries at year end	22 709	38 864	61 573
Average number of members for the year	12 069	18 662	30 731
Average number of dependents for the year	11 390	21 498	32 888
Average number of beneficiaries for the year	23 458	40 160	63 618
Number of new members	789	1 252	2 041
Number of members leaving the Scheme	1 952	3 096	5 048
Average age of principal members	49	51	50
Average age of beneficiaries	35	36	36
Insurance revenue (IR) pabpm*	1 783	2 800	2 425
Insurance service expense (ISE) babpm*	1 916	2 648	2 378
Relevant healthcare expenditure incurred pabpm*	1 778	2 523	2 248
Relevant healthcare expenditure incurred pabpm* Directly attributable insurance expenses (DAE) pabpm*	138	125	130
Insurance service expense (ISE) ratio	107.47%	94.59%	98.08%
Relevant healthcare ratio	95.40%	87.60%	89.72%
Directly attributable insurance expense (DAE) ratio	7.75%	4.48%	5.36%
Pensioner ratio at year end	5.44%	5.94%	5.76%
Dependent ratio to members at year end	0.5	1.0	1.0
Return on investments as percentage of investment			7.65%
Solvency Ratio			**73.22%**

* These figures are Rand denominated.
Averages are calculated using the sum of the 12 months' actual month-end membership divided by 12.

8. REVIEW OF FINANCIAL RESULTS AND ACTIVITIES (CONTINUED)

8.1. Operational statistics per option

2024	OPTION A	OPTION B	TOTAL
Number of members at year end	12 868	20 017	32 885
Number of dependents at year end	12 268	23 755	36 023
Number of beneficiaries at year end	25 136	43 772	68 908
Average number of members for the year	12 979	20 338	33 317
Average number of dependents for the year	12 378	24 397	36 755
Average number of beneficiaries for the year	25 357	44 734	70 091
Number of new members	367	623	990
Number of members leaving the Scheme	813	1 428	2 241
Average age of principal members	49	50	49
Average age of beneficiaries	35	34	34
Insurance revenue (IR) pabpm*^	1 961	2 583	2 356
Insurance service expense (ISE) babpm*^	2 075	2 687	2 378
Relevant healthcare expenditure incurred pabpm*^	1 958	2 582	2 355
Directly attributable insurance expenses (DAE) pabpm*^	114	101	106
Insurance service expense (ISE) ratio^	105.81%	104.01%	104.55%
Relevant healthcare ratio^	99.80%	100.00%	99.93%
Directly attributable insurance expense (DAE) ratio	5.97%	4.05%	4.63%
Pensioner ratio at year end	5.06%	5.10%	5.08%
Dependent ratio to members at year end	1.0	1.2	1.1
Return on investments as percentage of investment			10.17%
Solvency Ratio*			**68.19%**

* These figures are Rand denominated.
Averages are calculated using the sum of the 12 months' actual month-end membership divided by 12.
^ Restated, refer to note 21 for restatements.

8. REVIEW OF FINANCIAL RESULTS AND ACTIVITIES (CONTINUED)

The results of operations are set out in the summary financial statements.

8.2. Solvency ratio

	2025	RESTATED 2024
	R	R
Total Insurance liabilities for future members and other reserves per Statement of Financial Position	1 615 629 925	1 380 633 641
Unrealised non-distributable property revaluation reserve	(7 750 020)	(7 750 020)
Cumulative net (gain)/loss on re-measurement to fair value of properties and investments	(176 086 670)	(32 660 330)
Cumulative net gain on re-measurement of post-retirement medical benefit	(11 177 166)	(11 618 830)
Accumulated funds per Regulation 29	1 420 616 069	1 328 604 461
Gross insurance revenue including savings portion	1 940 324 997	1 948 477 950
Solvency ratio	**73.22%**	**68.19%**

In terms of Regulation 29(2), a medical scheme must maintain accumulated funds of at least 25% of annual insurance revenue. In line with Circular 13 of 2001, cumulative unrealised losses are included in the accumulated funds ratio, while unrealised gains are deducted from members' funds when calculating the solvency ratio.

The Scheme's solvency ratio increased to 73.22% as at December 2025 (December 2024: 68.19%), remaining well above the statutory requirement of 25%. Liabilities for members and other reserves increased by 17.31% year on year.

In preparing the 2026 budget, factors such as declining membership, affordability, benefit utilisation, and investment income were considered. This informed an approved contribution increase of 8.9% for both Scheme options, supporting a forecast solvency ratio of over 70% as of 31 December 2026.

8.3 Best estimate liability for incurred claims

The bases of calculation and movements on the liability for incurred claims for current members is set out in Note 8 to the summary financial statements.

9. AUDIT AND RISK COMMITTEE

The Audit and Risk Committee was established in accordance with Section 36 (10) of the Act. The committee is mandated by the Board of Trustees by means of written Terms of Reference as to its membership authority and duties. The committee consists of five members. The Chairperson of the committee and two other independent members are not officers of the Scheme or part of administration management. The committee met eight (8) times during the year.

In accordance with provisions of the Act the primary responsibility of the committee is to assist the Board of Trustees in carrying out its duties relating to the Scheme's accounting policies, internal control systems and financial reporting practices. The internal and external auditors formally report to the Audit & Risk Committee on critical findings arising from their audit activities.

10. FINANCE AND INVESTMENT COMMITTEE

The Finance and Investment Committee is also mandated by the Board of Trustees by means of written terms of reference to provide recommendations with regards to the financial operations of the Scheme and the investment of excess funds and due compliance to the Medical Schemes Act of 1998 as amended.

The committee consist of eight members. The Chairperson of the Committee is the Board of Trustees Chairperson as per the approved Scheme Charter and two independent members that are not officers of the Scheme and five members being officers and part of the administration management of the Scheme. The Committee met three (3) times during the year under review.

11. TRUSTEE MEETING ATTENDANCE

The following schedule sets out the Board of Trustees meeting attendances. Trustees' expenses are disclosed in Note 11 of the summary financial statements.

	Board meetings		Special Board of Trustees meetings		Audit & Risk Committee meetings		Finance & Investment Committee meetings		Clinical Governance & Ex-gratia committee meetings		Benefit Review Committee meetings		Remuneration Committee meetings	
	A	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**
S Dube	6	5	2	5	-	-	-	-	4	3	-	-	-	-
N Bhozo	6	5	2	5	-	-	-	-	-	-	5	5	-	-
L Sibiya	6	5	2	5	-	-	4	3	-	-	5	4	4	2
M Marule	6	5	2	5	-	-	4	3	-	-	-	-	-	-
G M Nzuza	6	5	2	5	5	5	-	-	-	-	-	-	-	-
R Letsoalo	6	5	2	4	-	-	-	-	-	-	5	5	-	-
I Solomon	6	5	2	5	5	3	-	-	-	-	-	-	-	-
S Dladla	6	5	2	5	-	-	-	-	-	-	5	5	-	-
J Mcanjana	6	5	2	4	-	-	4	2	-	-	-	-	-	-
M Langa	6	5	2	3	-	-	-	-	-	-	-	-	-	-

A = Number of meetings eligible to attend
B = Total number of meetings attended

Members were eligible to attend six (6) meetings during the year as per the Board Charter; however, only five (5) were attended due to the expiry of their term in September 2025.

In 2025, an increased number of special board meetings were convened due to the election year, necessitating the finalisation of several matters prior to the conclusion of the board's term.

12. BOARD OF TRUSTEE – SUB-COMMITTEE MEETINGS

The table below sets out the meetings attended by the independent delegates to the Board Committees. The expenses paid to the Board of trustees' subcommittee members are disclosed in Note 11 of the summary financial statements.

NAME	COMMITTEE	Number of meetings eligible to attend	Number of meetings attended
CM Phehlukwayo	Audit & Risk (Chair)	5	8
SF Mkhize	Audit & Risk	5	8
P Ganesan	Audit & Risk	5	8
AP Wakaba	Finance & Investment	4	3
JVM Mbonani	Finance & Investment	4	3
ND Madiba	Remuneration, Social and Ethics	4	8
PN Qwabe	Remuneration, Social and Ethics (Chair)	4	8
L Ndziba	Remuneration, Social and Ethics	4	8
AV Memela	Clinical Governance & Ex Gratia (Acting Chair)	4	4
JM Mathibe	Procurement (Chair)	7	7
CM Phehlukwayo	Nominations Committee (Chair)	5	5
JM Mathibe	Nominations Committee	5	5

13. AUDITOR

PricewaterhouseCoopers Inc. was appointed as external auditor of the Scheme for 2025 financial year by the Board of Trustees in compliance with the Medical Scheme Act and the Scheme Rules.

14. MATTERS OF NON-COMPLIANCE

14.1. Contravention of Section 57(1) of the Medical Schemes Act

Nature and impact of non-compliance

In terms of section 57(1) of the Medical Schemes Act 131 of 1998, every Medical Scheme shall have a Board of trustees consisting of persons who are fit and proper to manage the business contemplated by the Medical Scheme in accordance with the applicable laws and the rules of such Medical Scheme.

Due to delays in the submission and vetting of SAMWU appointed trustees following the end of the previous Board's term in September 2025, the Scheme did not meet the governance requirement to constitute a board of trustees after the permitted 30 days from end of term. As a result, the Principal Officer performed the functions of the Board beyond the statutory limit. This prolonged interim arrangement resulted in a period of non-compliance and heightened the governance risks faced by the Scheme during this time.

14. MATTERS OF NON-COMPLIANCE (CONTINUED)

Cause of non-compliance

SAMWU did not submit the required list of appointed trustee nominees within the prescribed timelines, despite having been sent in May 2025, the formal informative notification of the elective AGM to be held in September 2025, and repeated requests for the required four (4) appointed nominees since August 2025. A list of nominees was eventually provided on 24 November 2025. In line with Section 57(1), the Scheme conducted an independent fit and proper vetting process, during which several nominees did not meet the required governance standards. This necessitated further engagement with SAMWU to obtain suitable replacement nominees, which resulted in further delays in finalising the Board appointments.

As a result, the Scheme was unable to constitute a fully compliant Board within the statutory 30-day period following the expiry of the previous Board's term in September 2025. Consequently, the Principal Officer continued performing the Board's functions beyond the period permitted under Section 57(1), giving rise to a temporary period of statutory non-compliance, which persisted until suitable nominees could be appointed and the Board formally reconstituted.

Corrective action

The Scheme submitted an exemption application to the Council for Medical Schemes within the required prescribed timeline on 30 October 2025, requesting authorisation for the duly elected six (6) trustees to function as an interim Board. This measure was intended to prevent a governance vacuum and ensure operational continuity in line with Section 32 of the Act. The Scheme also requested SAMWU to submit alternative nominees to restore full compliance with the Board composition requirements.

To maintain effective of governance while the nomination and vetting process was being finalised, the Scheme submitted a further Supplementary Exemption Application to the Council for Medical Schemes on 30 January 2026 in terms of Section 8(h) of the Medical Schemes Act. The application sought approval for the six elected trustees, together with the one SAMWU nominee who met the fit and proper requirements, to function as an interim Board until the process of finalising the remaining suitable nominees was complete. The exemption was not granted by the Council of Medical Schemes.

A fully constituted Board was established on 31 March 2026, thereby restoring compliance with Section 57(1). The Scheme has since strengthened its governance processes by formalising escalation protocols for Trustee appointments and enhancing coordination with SAMWU to prevent a recurrence of delays. The Board of Trustee term has been formally recorded in the summary financial statements.

14.2. Contravention of Regulation 10 (4) and 10 (5) (a) and (b) of the Medical Schemes Act

Nature and impact of non-compliance

In terms of Regulation 10 (4) of the Medical Schemes Act 131 of 1998 as amended, credits balances in a members' personal medical savings account shall be transferred to another medical scheme or benefit option with a personal medical savings account, as the case maybe, when such member changes medical scheme or benefit options.

In terms of Regulation (5) (a), (b) of the Medical Schemes Act 131 of 1998 as amended, credits balances in a members' personal medical savings account shall be taken as a cash benefit subject to applicable tax laws, when the member terminates his or her membership of a medical scheme or benefit option and then: -

'(a) enrols in another benefit option or medical scheme without a personal medical savings account; or
'(b) does not enrol in another medical scheme.

The Scheme failed to settle the credit balance of R815 157 in the personal medical savings account of the members who terminated their membership during 2025.

14. MATTERS OF NON-COMPLIANCE (CONTINUED)

Cause of non-compliance

The Scheme introduced a savings option in January 2025 to attract younger members and enhance benefits, necessitating updates to Scheme rules, debt management policies, and system configurations. Implementation delays in updating the rules, polices and systems resulted in non compliance with regulated timeframes for settling credit balances relating to members who changed options or terminated membership during 2025.

Corrective action

Corrective actions have been implemented, including Council approval of updated rules, revision of the debt management policy, and strengthened administrative guidelines. System updates and reconciliations are in progress, with all outstanding credit balances scheduled for payment by the end of second quarter of 2026.

14.3 Contravention of Section 26(7) of the Medical Scheme Act

Nature and impact of non-compliance

In terms of Section 26(7) of the Medical Schemes Act 131 of 1998 as amended all contributions shall be paid directly to a medical scheme not later than three days after payment thereof becoming due. During the year under review the Scheme did not collect the contributions within three days of becoming due. The outstanding contributions received past the statutory prescribed time were R13 653 515 as of 31 December 2025 (2024: R 33 452 988).

Cause of non-compliance

The Scheme encounters employer groups who do not make their contribution payments within the statutory prescribed time. For the employer groups identified, causes of non-compliance range from administrative to cashflow challenges. The Scheme Management continuously follow up with these employer groups until payment is received.

Corrective action

Non-compliant employer groups are continuously notified of the non-compliance and requested to make payment of the outstanding contributions. The Scheme currently enforces the debt management policy to mitigate the risk.

14.4 Contravention of Section 33(2) of the Medical Scheme Act

Nature and impact of non-compliance

In terms of Section 33(2) of the Medical Schemes Act 131 of 1998 as amended each benefit option is required to be self- supporting in terms of membership and financial performance and be financially sound.

During the financial year under review Option A of the Scheme did not comply with Section 33(2) in terms of financial performance, however the benefit option had a membership base of above 6 000. The Scheme maintained accumulated funds (net assets) that exceeded the minimum statutory requirements of 25% solvency ratio.

Benefit option	Net healthcare deficit	Net surplus for the year
Option A	(26 700 345)	50 265 882

Cause of non-compliance

Option A recorded a R26.7 million deficit for the year, mainly due to high claims costs from increased benefit utilisation, higher disease burden, and declining membership.

14. MATTERS OF NON-COMPLIANCE (CONTINUED)

Corrective action

The financial performance, risk profile and claims experience of all benefit options are monitored and evaluated on a continuous basis through risk management, monitoring of fraud and waste outcomes from Claims Experience analysis. Strategies are formulated to address loss making benefit option through benefits and contributions increase review process whereby affordability, chronic prevalence and ageing are considered.

Benefits and Contribution review was completed for 2026 and Pricing Report submitted to Council for Medical Schemes (CMS). An average 8.9% contribution increase was proposed and approved. The Scheme proposed minimal benefit enhancements for the 2026 benefit year to allow the Scheme to return to a sustainable level of financial performance.

14.5 Contravention of Section 35(8) of the Medical Scheme Act

Nature and impact of non-compliance

Section 35 (8) of the Act states: "A medical scheme shall not invest any of its assets in the business of or grant loans to:
(a) an employer who participates in the medical scheme or an administrator or any arrangement with the medical scheme
(b) any other medical scheme.
(c) any administrator; and
(d) any person associated with any of the above mentioned".

On 31 December 2025 the Scheme indirectly holds investments in the holding company of an Administrator including Discovery Limited, Netcare Ltd and Momentum Metropolitan Health Ltd. This is in contravention of section 35(8)(c) of the Act.

Cause of non-compliance

The Funds in this specific portfolio are structured at the sole discretion of the asset manager in a manner that maximises returns. Therefore, the Scheme does not make inputs into the structuring of the portfolio.

Corrective action

The Scheme has been granted exemption by the Council for Medical Schemes in terms of Section 35(8) and is therefore allowed to hold these shares. The exemption is valid for a period of three years effective 1 December 2025 to 31 December 2028 subject to renewal.

14.6 Contravention of Regulation 28 (2) of the Medical Scheme Act

Nature and impact of non-compliance

In terms of Regulation 28(2), published in terms of the Medical Schemes Act, the maximum amount payable to a broker by a medical scheme in respect of the introduction of a member to a medical scheme by that broker and the provision of ongoing service or advice to that member shall not exceed –

a) R121.84 plus value-added tax (VAT) per month or such other monthly amount as the Minister shall determine annually in the Government Gazette, taking into consideration the rate of normal inflation or;
b) 3% plus value-added tax (VAT) of the contributions payable in respect of that member, whichever is the lesser.

During the financial year under review, the Scheme paid brokers at a rate higher than the regulated amount on eleven instances. The Scheme did not apply lesser or the R121.84 or 3% of the contribution payable as per regulation resulting in the non-compliance.

14. MATTERS OF NON-COMPLIANCE (CONTINUED)

Cause of non- compliance

As the Scheme has been experiencing loss of membership over time, it explored the use of brokers to support our member recruitment and retention efforts. Given the competition in the industry, the Scheme paid at the higher rate to ensure that we can attract the credit brokers for the purpose.

Corrective action

With effect from 01 December 2025, the Scheme has changed the rate paid to the brokers and aligned with the stipulated rate as per the above Regulation.

15. GOING CONCERN

The ability of the Scheme to continue as a going concern for the next 12 months is dependent on several factors. The most significant is the Scheme's ability to grow its membership base, collect contribution income and yield investment returns to pay for claims and other obligations as they fall due.

We draw attention to the fact that on 31 December 2025 the Scheme's liability to members for future benefits is available to cover insurance of R 1 596 702 739. The Scheme is solvent and stable with a solid business strategy to improve.

The Scheme's current assets exceeded the current liabilities at a ratio of 8.70:1. This implies that the Scheme can meet its short-term obligations as they become due.

Based on the above, the summary financial statements have been prepared on accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities contingent obligations and commitments will occur in the ordinary course of business.

16. EVENTS AFTER THE REPORTING PERIOD

Following the conclusion of the nomination and vetting process for SAMWU-appointed trustees, the Scheme restored full compliance with the Board composition requirements in early 2026. A fully constituted Board of Trustees was established in March 2026, with all elected and appointed trustees duly meeting the fit-and-proper standards in terms of the Medical Schemes Act and the Scheme Rules. The Board was formally inaugurated at its first sitting held on 31 March 2026.

This matter does not affect the amounts recognised in the summary financial statements for the year ended 31 December 2025 and has therefore been treated as a non-adjusting event in accordance with IAS 10 Events After the Reporting Period.

STATEMENT OF RESPONSIBILITY BY THE BOARD OF TRUSTEES

for the year ended 31 December 2025

The Board of Trustees of the Scheme is responsible for the preparation, integrity and fair presentation of the summary financial statements of SAMWUMED. The summary financial statements accounting policies and notes to the summary financial statements presented on pages 98 to 150 have been prepared in accordance with IFRS® Accounting Standards in the manner required by the Medical Schemes Act and Regulations thereto and include amounts based on estimates and judgments made by management.

The Board of Trustees considers that in preparing the summary financial statements they have used the most appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The Board of Trustees is satisfied that the information contained in the summary financial statements fairly presents the results of operations for the year and the financial position of the Scheme at year-end. The Board of Trustees also prepared the other information included in the annual report and is responsible for both its accuracy and its consistency with the financial statements.

The Board of Trustees has the responsibility for ensuring that appropriate accounting records are maintained. The accounting records disclose with reasonable accuracy the financial position of the Scheme which enables the Board of Trustees to ensure that the summary financial statements comply with the relevant legislation.

The Scheme operates in a well-established control environment which is well documented and regularly reviewed. This incorporates risk management and internal control procedures which are designed to provide reasonable but not absolute assurance that assets are safeguarded and the risks facing the Scheme are being well controlled.

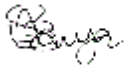
The going concern basis has been adopted in preparing the summary financial statements. Based on forecasts and available cash resources, the Trustees have no reason to believe that the Scheme will not be a going concern in the foreseeable future. These summay financial statements support the viability and sustainability of the Scheme.

The Scheme's external auditor is responsible for independently auditing and reporting on the Scheme's summary financial statements in terms of International Standards on Auditing and their report is presented on pages 96 to 97.

The summary financial statements and notes to the summary financial statements set out on pages 98 to 150 were adopted and signed by the Board of Trustees on 30 June 2026.

M. F Mosoeu
Principal Officer

G.M. Nzuza
Trustee



L. Sibiya
Chairperson

Cape Town
24 August 2026

STATEMENT OF CORPORATE GOVERNANCE BY THE BOARD OF TRUSTEES

for the year ended 31 December 2025

SAMWUMED is committed to the principles and practice of fairness, transparency, integrity and accountability in all dealings with its stakeholders.

1. Board of Trustees

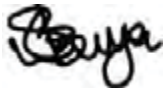
The Board of Trustees has full control of the management of operations and financial affairs of the Scheme. It meets regularly to monitor the administration of the Scheme. The Board of Trustees met with management to address a range of strategic and operating matters and to ensure that policies, strategy and performance are critically informed and constructive, and implemented.

The Board of Trustees has access to the advice and services of the Principal Officer and where appropriate may seek independent professional advice at the expense of the Scheme. The Board of Trustees meet regularly and monitors the performance of the Scheme and other service providers.

2. Risk management and internal control

The administration of the Scheme is maintained under internal controls and systems designed to provide reasonable assurance as to the integrity and reliability of the summary financial statements and to safeguard, verify and maintain accountability for its assets adequately. Such controls are based on established duties and are implemented by trained personnel with the appropriate segregation of duties.

No event or item has come to the attention of the Board of Trustees that indicates any material breakdown in the functioning of the key internal controls and systems during the year under review.



Mr Lindani Sibiya
Chairperson

Cape Town
24 August 2026

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report on the summary financial statements

To the members of SAMWUMED

Opinion

The summary financial statements of SAMWUMED, set out on pages 98 to 150, which comprise the summary statement of financial position as at 31 December 2025, the summary statements of surplus or deficit and other comprehensive income, changes in funds and reserves and cash flows for the year then ended, and related notes, are derived from the audited financial statements of SAMWUMED for the year ended 31 December 2025.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with the content and disclosure requirements of Circular 6 of 2013 issued by the Council for Medical Schemes as applicable to summary financial statements.

Summary financial statements

The summary financial statements do not contain all the disclosures required by IFRS Accounting Standards and the requirements of the Medical Schemes Act of South Africa as applicable to annual financial statements. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon. The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 29 April 2026. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period.

Trustee's responsibility for the summary financial statements

The directors are responsible for the preparation of the summary financial statements in accordance with the content and disclosure requirements of Circular 6 of 2013 issued by the Council for Medical Schemes as applicable to summary financial statements.

PricewaterhouseCoopers Inc.
5 Silo Square, V&A Waterfront, Cape Town, 8002
P.O. Box 2799, Cape Town, 8001
T: +27 (0) 21 529 2000, F: +27 (0) 21 814 2000
Chief Executive Officer: M A Tshesane
The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg.no. 4950174682

www.pwc.co.za

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: S Gierdien
Registered Auditor
Cape Town, South Africa
24 August 2026

STATEMENT OF FINANCIAL POSITION

for the year ended 31 December 2025

	NOTES	2025	RESTATED 2024*
ASSETS		**R**	R
Non-Current Assets			
Property plant and equipment	**2**	**34 709 872**	26 391 473
Intangible assets		**31 305**	60 098
Financial assets at fair value through profit or loss	**3**	**810 925 719**	637 563 767
		845 666 896	664 015 338
Current Assets			
Cash and cash equivalents	**4**	**95 096 347**	64 836 750
Financial assets at fair value through profit or loss	**3**	**778 709 289**	733 356 073
Trade and other receivables		**6 345 893**	8 595 222
Reinsurance contracts held	**5**	**4 835 131**	4 542 176
		884 986 660	811 330 221
TOTAL ASSETS		**1 730 653 556**	1 475 345 559
EQUITY			
Other reserves	**6**	**18 927 186**	19 368 850
		18 927 186	19 368 850
LIABILITIES			
Non-Current Liabilities			
Post retirement medical aid benefit	**7**	**6 793 846**	5 565 947
Lease liability		**6 482 466**	-
Liabilities to members for future benefits	**8**	**1 596 702 739**	1 249 900 941
		1 609 979 051	1 255 466 888
Current liabilities			
Insurance contract liabilities to current members	**8**	**88 906 462**	81 326 500
Liabilities to members for future benefits	**8**	**-**	111 363 850
Trade and other payables		**11 244 471**	7 364 965
Lease liability		**1 596 386**	454 506
		101 747 319	200 509 821
Total Liabilities		**1 711 726 370**	1 455 976 709
TOTAL EQUITY AND LIABILITIES		**1 730 653 556**	1 475 345 559

*Restated please refer to note 21.

STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2025

	NOTES	2025	RESTATED 2024*
		R	R
Insurance revenue (risk pool)	**9**	**1 851 211 524**	1 948 447 950
Insurance service expenses*	**9**	**(1 815 697 650)**	(2 037 192 530)
Incurred claims and other directly attributable expenses*		**(1 812 493 018)**	(2 035 068 935)
Changes that relate to past service		**-**	204 619
Insurance acquisition cash flows		**(3 204 632)**	(2 328 214)
Net income/(expense) from reinsurance contracts*	**10**	**1 845 816**	(9 320 188)
Allocation of premiums paid*		**(125 651 744)**	(54 947 471)
Amounts recovered from reinsurance contracts held*		**127 497 560**	45 627 283
Insurance service result*		**37 359 690**	(98 064 768)
Investment income	**12**	**261 933 606**	161 302 252
Interest and dividend revenue from financial assets		**95 829 548**	105 345 385
Net gain from financial assets		**166 104 058**	55 956 867
Other income and expenses		**(65 470 817)**	(48 925 476)
Sundry income		**324 596**	193 750
Other realised gain on property plant and equipment		**2 601 380**	1 324 551
Investment management fees	**13**	**(5 189 277)**	(4 908 420)
Interest paid		**(233 901)**	(90 381)
Other operating expenses	**11**	**(62 636 608)**	(45 444 976)
Finance expense from insurance contracts issued - PMSA		**(337 007)**	-
Net surplus / (deficit) for the year*		**233 822 479**	14 312 008
Transfer to liability to members for future benefits	**8**	**(233 822 479)**	(14 312 008)
Other comprehensive income			
Loss on remeasurements of net post-retirement liability	**7**	**(441 664)**	(187 769)
Total comprehensive loss for the period		**(441 664)**	(187 769)

*Restated please refer to note 21.

STATEMENT OF CHANGES IN FUNDS AND RESERVES

for the year ended 31 December 2025

	NOTES	Reserve from Revaluation of Property	Reserve for Valuation of Liabilities	Total Members Funds and Reserves
		R	R	R
Balance as at December 2023		**7 750 020**	**11 806 599**	**19 556 619**
Re-measurement of post-retirement medical aid liability	**7**	**-**	(187 769)	(187 769)
Balance as at December 2024	**6**	**7 750 020**	**11 618 830**	**19 368 850**
Re-measurement of post-retirement medical aid liability	**7**	**-**	(441 664)	(441 664)
Balance as at 31 December 2025	**6**	**7 750 020**	**11 177 166**	**18 927 186**

	NOTES	2025	RESTATED 2024*
		R	R
Cash flow from operating activities			
Cash receipts from members – contribution	**8.4**	**1 956 132 195**	1 937 918 009
Cash (paid)/receipts from members and providers – other	**8.4**	**3 511 146**	(3 777 733)
Cash paid to providers and employees – claims*	**8.4**	**(1 672 612 017)**	(1 951 887 684)
Cash paid to providers and employees - non healthcare providers	**8.4**	**(168 839 138)**	(125 186 718)
Cash payments to reinsurers	**5**	**(125 651 744)**	(54 947 471)
Cash used in operations		**(7 459 558)**	(197 881 597)
Interest received		**4 899 809**	5 001 268
Net cash used in operating activities		**(2 559 749)**	(192 880 329)
Cash flow from investing activities			
Purchase of property plant and equipment	**2**	**(1 516 509)**	(2 361 498)
Proceeds on sale of property plant and equipment		**534 480**	395 000
Purchase of other intangible assets		**-**	(81 370)
Purchase of financial assets	**3**	**(359 622 029)**	(331 668 917)
Sale of financial assets	**3**	**394 622 029**	526 668 917
Net cash from investing activities		**34 017 971**	192 952 132
Cash flow from financing activities			
Capital lease payments		**(964 724)**	(1 469 985)
Interest paid on lease		**(233 901)**	(90 381)
Net cash used in financing activities		**(1 198 625)**	(1 560 366)
Net increase/(decrease) in cash and cash equivalents		**30 259 597**	(1 488 562)
Cash and cash equivalents at the beginning of the year		**64 836 750**	66 325 313
Cash and cash equivalents at the end of the year	**4**	**95 096 347**	64 836 750

*Restated please refer to note 21.

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

GENERAL INFORMATION

1. BASIS OF PREPARATION

(a) Compliance with IFRS® Accounting Standards

The principal accounting policies applied in the presentation of these summary financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

The summary financial statements have been prepared in accordance with IFRS Accounting Standards and IFRC® Interpretations applicable to Schemes reporting under IFRS Accounting Standards. The summary financial statements comply with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB). The summary financial statements are also prepared in accordance with the Medical Schemes Act 131 of 1998 (the Act) which requires additional disclosures for registered medical schemes. The summary financial statements are prepared in accordance with the content and disclosure requirements of Circular 6 of 2013 issued by the Council of Medical Schemes as applicable to summary financial statements.

The preparation of summary financial statements in accordance with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the accounting policies. The notes to the summary financial statements set out those areas involving a high degree of judgment or complexity or areas where assumptions and estimates are significant to the Scheme's summary financial statements.

b) Historical cost

The summary financial statements have been prepared on a historical cost basis except for the following:

- Certain financial assets and liabilities (including derivative instruments) - measured at fair value.
- Insurance assets and liabilities - measured in terms of IFRS 17 current estimates.
- Land and buildings – measured in terms of IAS 16 (revaluation method used).
- Post-retirement medical aid benefit obligation – measured in terms of IAS 19 (projected unit credit method)
- Reinsurance contract assets held - measured in terms of IFRS 17 current estimates

These summay financial statements are presented in Rands (R) which is the Scheme's functional currency.

The details of all the Scheme's accounting policies and notes to the annual financial statements are included in the full audited annual financial statements.

2. PROPERTY PLANT AND EQUIPMENT

	2025			2024		
	Cost or valuation	Accumulated depreciation & impairment	Carrying amount	Cost or valuation	Accumulated depreciation & Impairment	Carrying amount
	R	R	R	R	R	R
Buildings	**44 906 477**	**(25 778 398)**	**19 128 079**	45 473 050	(27 725 542)	17 747 508
Land	**6 793 282**	**(2 721 360)**	**4 071 922**	6 793 282	(2 983 281)	3 810 001
Canteen equipment	**354 239**	**(291 194)**	**63 045**	376 874	(314 017)	62 857
Furniture and fittings	**3 802 672**	**(2 862 711)**	**939 962**	3 890 602	(2 775 131)	1 115 471
Motor vehicles	**9 734 893**	**(1 613 225)**	**8 121 668**	5 594 295	(4 353 712)	1 240 583
Office equipment	**4 440 537**	**(2 802 327)**	**1 638 211**	5 815 593	(4 254 521)	1 561 072
Computer equipment	**2 291 892**	**(1 544 907)**	**746 985**	2 674 431	(1 820 450)	853 981
Total	**72 323 993**	**(37 614 121)**	**34 709 872**	70 618 127	(44 226 654)	26 391 473

Reconciliation of carrying value of property plant and equipment - 2025

	Opening carrying amount	Additions	Disposals	Other adjustments	Revaluation adjustment	Depreciation	Closing carrying amount
	R	R	R	R	R	R	R
Buildings	**17 747 507**	**8 292**	**-**	(97 511)	2 100 220	(630 443)	19 128 079
Land	**3 810 001**	**-**	**-**	-	261 921	-	4 071 922
Canteen equipment	**62 856**	**7 290**	**(2 993)**	-	-	(4 109)	63 044
Furniture and fittings	**1 115 471**	**-**	**(11 432)**	-	-	(164 077)	939 962
Motor vehicles	**1 240 583**	**8 175 101**	**(231 280)**	23 614	-	(1 086 350)	8 121 668
Office equipment	**1 561 071**	**385 223**	**(9 781)**	-	-	(298 303)	1 638 210
Computer equipment	**853 981**	**400 388**	**(20 766)**	-	-	(486 617)	746 986
Total	**26 391 473**	**8 976 294**	**(276 252)**	(73 897)	2 362 141	(2 669 889)	34 709 872

2. PROPERTY PLANT AND EQUIPMENT (CONTINUED)

Reconciliation of carrying value of property plant and equipment - 2024

	Opening carrying amount	Additions	Disposals	Other adjustments	Revaluation adjustment	Depreciation	Closing carrying amount
	R	**R**	**R**	**R**	**R**	**R**	**R**
Buildings	**16 814 578**	**729 856**	**-**	-	891 538	(688 464)	17 747 507
Land	**3 736 700**	**-**	**-**	-	73 301	-	3 810 001
Canteen equipment	**66 583**	**-**	**-**	-	-	(3 727)	62 856
Furniture and fittings	**1 188 300**	**89 746**	**-**	-	-	(162 575)	1 115 471
Motor vehicles	**1 577 347**	**552 124**	**(241 673)**	353 787	-	(1 002 001)	1 240 583
Office equipment	**1 439 530**	**370 528**	**(77 540)**	125 573	-	(297 020)	1 561 071
Computer equipment	**585 087**	**619 244**	**(6 084)**	-	-	(344 265)	853 981
Total	**25 408 125**	**2 361 498**	**(325 297)**	480 360	964 839	(2 498 051)	26 391 473

The Scheme's property is stated at the revalued amounts as per valuation performed by an independent qualified appraiser Siyakhula Property Valuators. Refer to Note 6. The other adjustments referred to above were changes made to the lease contracts during the year.

Land and buildings comprise the following:

Registers with details of land and buildings are available for inspection by members or their duly authorised representatives at the registered office of the Scheme.

- Erf 43717 Crawford Cape Town measuring 1128 square meters; and
- Erf 33081 Athlone Cape Town measuring 495 square meters.

The land and buildings were valued externally on 31 December 2025 (level 3) by the Siyakhula Property Valuators in accordance with the policy to revalue property every three years. For valuation purposes, the income method was applied, this considered the vacancy percentages of existing lease agreements and subsequent expected rentals to determine the fair value of the building. The capitalisation rate used on 31 December 2025 was 10% (2024:10%).

2. PROPERTY PLANT AND EQUIPMENT (CONTINUED)

Leased assets

The property, plant and property totals disclosed above include the right of use of assets.

	2025	2024
	R	R
Right of use assets		
Office equipment	**344 070**	73 251
Motor vehicles	**7 433 967**	233 262
Offices	**-**	97 507
	7 778 037	404 020
Lease liability		
Current	**1 596 386**	454 506
Non-current	**6 482 466**	-
	8 078 852	454 506
The Statement of surplus or deficit shows the following amounts relating to leases:		
Depreciation charge of right-of-uses assets – office equipment	**298 302**	297 020
Depreciation charge of right-of-uses assets – motor vehicles	**1 086 350**	1 002 000
Depreciation charge of right-of-uses assets - offices	**-**	113 771
	1 384 652	1 412 791
Interest paid on leases included in finance costs	**233 901**	90 380
Capital payments made towards lease liability	**964 724**	1 469 986
Total cash outflow for leases	**1 198 625**	1 560 366

3. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025	2024
At fair value through profit or loss	**R**	**R**
Investment	**1 589 635 008**	1 370 919 840
Non-current assets		
At fair value through profit or loss	**810 925 719**	637 563 767
Current assets		
At fair value through profit or loss	**778 709 289**	733 356 073

Measurement of financial assets

The Scheme's business model is to manage these financial assets on a fair value basis and are classified as financial assets at fair value through profit or loss. Decisions are made based on the financial assets' fair values and the financial assets are managed to realise those fair values.

MEASUREMENT CLASS	METHODOLOGY
Listed equities	Held indirectly in pooled funds and directly in segregated portfolios for long-term capital appreciation and income. The Scheme does not intend to liquidate these portfolios; however, liquidation may occur if required for operational or strategic purposes.
Bonds	Held indirectly in pooled funds and directly in segregated portfolios. The expected settlement is determined based on the contractual maturity date of each instrument. Instruments with a maturity date within 12 months of the reporting date are classified as settled within 12 months.
Cash and cash equivalents	Held indirectly in pooled funds and directly in segregated portfolios. Comprise cash in call and settlement accounts held by the asset managers for trading purposes, fixed deposits, and other cash equivalents. Amounts expected to be realised within 12 months to fund operations are classified as settled within 12 months.
Property	Held indirectly in pooled funds and directly in segregated portfolios. The Scheme does not intend to liquidate these portfolios; however, liquidation may occur if required for operational or strategic purposes.

Fair value information		
Listed equity	**456 684 001**	337 377 646
Bonds	**803 891 980**	681 617 589
Cash and cash equivalents	**281 317 009**	287 349 961
Property	**47 742 018**	64 574 644
	1 589 635 008	1 370 919 840

3. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Investments in asset management		
Argon Asset Managers	**393 568 457**	253 665 430
Mazi Asset Management	**202 973 533**	154 919 966
Aluwani Capital Partners	**204 935 781**	150 059 926
M & G Investments Southern Africa (Pty) Ltd	**206 461 751**	168 322 310
Ninety-One Fund Managers	**120 839 479**	145 928 940
STANLIB Unit Trust	**17 067**	333 761 703
Ashburton Investment	**264 284 286**	-
Coronation	**196 554 654**	164 261 565
	1 589 635 008	1 370 919 840

The Scheme has invested some of its funds in various Asset Managers and with Banks that have suitable credit ratings with a focus on minimizing credit risk. The investments earned investment income for the year at an average return rate of 7.65% (2024: 10.17%).

Reconciliation of financial assets at fair value

	2025	2024
	R	**R**
Balance at beginning of the year	**1 370 919 840**	1 411 866 637
Plus: Purchases of investments	**359 622 029**	331 668 917
Less: Withdrawals (sales) from investments	**(394 622 029)**	(526 668 917)
Less: Management fees	**(5 189 277)**	(4 908 420)
Less: Trading expenses	**(109 956)**	(116 177)
Plus: Gains in investments	**166 104 058**	55 956 867
Plus: Investment income earned	**92 910 343**	103 120 933
Balance at end of the year	**1 589 635 008**	1 370 919 840

The investment income capitalised in investments does not include the accrued investment at year end.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and demand deposits held at call with banks and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to significant risk of changes on value.

	2025	2024
	R	**R**
Cash and cash equivalents consist of:		
Cash on hand	**756**	2 921
Call accounts	**82 747 282**	57 879 869
Current accounts	**12 348 309**	6 953 960
	95 096 347	64 836 750

Balances on current and call accounts constitute amounts available on demand. These balances earned interest income at an average interest rate of 5.43% (2024: 8.36%) for the year. The carrying amount of cash and cash equivalents approximate their fair values due to the short-term nature of these assets.

5. REINSURANCE CONTRACTS HELD

Reconciliation of asset for remaining coverage and liability for incurred claims	ASSET FOR REMAINING COVERAGE COMPONENT	PRESENT VALUE OF FUTURE CASHFLOWS		TOTAL
Healthcare Risk	**(Excluding loss recovery component)**	**Asset for incurred claims**	**(AIC) RA**	
2025				
Opening reinsurance contract assets	**-**	4 430 276	111 900	4 542 176
Opening reinsurance contract liabilities				
Net balance as at 01 January 2025	**-**	**4 430 276**	**111 900**	4 542 176
Changes in the statement of surplus or deficit and on the comprehensive income				
Reinsurance expenses (premiums paid)	**(125 651 744)**	-	-	(125 651 744)
Claims recovered**	**-**	127 204 605	-	127 204 605
Changes that relate to past service – adjustment to the AIC	-	285 738	7 217	292 955
Net income/(expense) from reinsurance contract held	**(125 651 744)**	**127 490 343**	**7 217**	**1 845 816**
Total amounts recognised in comprehensive income	**(125 651 744)**	**127 490 343**	**7 217**	**1 845 816**
Cash flows				
Premiums paid and other directly attributable expenses paid	**125 651 744**	-	-	125 651 744
Recoveries from reinsurance**	**-**	(127 204 605)	-	(127 204 605)
Directly attributable expenses paid				
Total cash flows	**125 651 744**	**(127 204 605)**	**-**	**(1 552 861)**
Closing reinsurance contract assets	**-**	4 716 014	119 117	4 835 131
Closing reinsurance contract liabilities	-	-		-
Net balances as at 31 December 2025		**4 716 014**	**119 117**	**4 835 131**

** Claims recovered is the quantum that the Scheme would have paid if no reinsurance contract was in place.

5. REINSURANCE CONTRACTS HELD (CONTINUED)

Reconciliation of asset for remaining coverage and liability for incurred claims	ASSET FOR REMAINING COVERAGE COMPONENT	PRESENT VALUE OF FUTURE CASHFLOWS		TOTAL
Healthcare Risk	**(Excluding loss recovery component)**	**Asset for incurred claims**	**(AIC) RA**	
Restated 2024				
Opening reinsurance contract assets	**-**	-	-	-
Opening reinsurance contract liabilities	**-**	-	-	-
Net balance as at 01 January 2024	**-**	**-**	**-**	-
Changes in the statement of surplus or deficit and on the comprehensive income				
Reinsurance expenses (premiums paid)	(54 947 471)	-	-	(54 947 471)
Claims recovered**	**-**	41 085 107	-	41 085 107
Provision for asset for incurred claims	-	4 430 276	111 900	4 542 176
Net income/(expense) from reinsurance contract held	**(54 947 471)**	**45 515 383**	**111 900**	**(9 320 188)**
Total amounts recognised in comprehensive income	**(54 947 471)**	**45 515 383**	**111 900**	**(9 320 188)**
Cash flows				
Premiums paid and other directly attributable expenses paid	**54 947 471**	-	-	54 947 471
Recoveries from reinsurance**	**-**	(41 085 107)	-	(41 085 107)
Directly attributable expenses paid				-
Total cash flows	**54 947 471**	**(41 085 107)**	**-**	**13 862 364**
Closing reinsurance contract assets	**-**	4 430 276	111 900	4 542 176
Closing reinsurance contract liabilities	-	-	-	-
Net balances as at 31 December 2024	-	**4 430 276**	**111 900**	**4 542 176**

*Restated refer to Note 21 for restatements

** Claims recovered is the quantum that the Scheme would have paid if no reinsurance contract was in place.

6. REVALUATION RESERVE

	2025	2024
	R	R
Reserve on revaluation of property		
Balance at the end of the year	**7 750 020**	7 750 020

The Scheme property is stated at the revalued amounts as per valuation performed by an independent qualified appraiser Siyakhula Property Valuators. The revaluation resulted in a gain which was treated as a reversal of previous impairments in the Statement of Surplus or Deficit. Refer to Note 2.

Reserve on revaluation of a liability		
Balance at the beginning of the year	**11 618 830**	11 806 599
(Loss)/gain on measurement of post-retirement medical aid liability	**(441 664)**	(187 769)
Balance at the end of the year	**11 177 166**	11 618 830

The Scheme's post-retirement obligation was remeasured as at 31 December 2025 by insight Actuaries and Consultants. This resulted in actuarial loss on measurement. Refer to Note 7.

7. POST - RETIREMENT MEDICAL AID BENEFIT

	2025	2024
	R	R
Carrying value		
Non-current liability portion	**6 793 846**	5 565 947
Current liability	**180 348**	174 888
	6 974 194	5 740 835
Movement for the year		
Opening balance	**5 740 835**	4 798 355
Current service cost	**231 392**	196 872
Interest cost	**711 080**	695 245
Expected employer benefits	**(150 777)**	(137 406)
Actuarial loss on remeasurement of liability	**441 664**	187 769
Closing balance at the end of the year	**6 974 194**	5 740 835

7. POST - RETIREMENT MEDICAL AID BENEFIT (CONTINUED)

	2025	2024
	R	**R**
Change in net discount rate	**(844 749)**	(80 916)
Lower than expected healthcare costs	**581 256**	34 231
Changes in membership	**(178 171)**	(90 418)
Model changes	**-**	(50 666)
Total remeasurements loss	**(441 664)**	(187 769)

Key assumptions used

Assumptions used for the current year projection are as follows:

Expected retirement age	**60 years**	60 years
Discount rates used	**9.30%**	12.30%
Duration used to set assumptions	**26.6 years**	23.5 years
Expected increase in salaries	**-**	9.90%
Healthcare cost inflation	**6.80%**	9.00%
Mortality age pre-retirement (M&F)	**85-90 yrs**	-
Mortality age post-retirement (M&F)	**88 yrs**	-

No allowance for early retirement.

The benefit is unfunded and therefore there are no planned assets as per the requirements of IAS 19. The actuarial valuation was performed by Insight Actuaries Actuarial Solutions (Pty) Ltd using the Projected Unit Credit Method as prescribed by the IAS 19 as of 31 December 2025 and this resulted in an actuarial loss. The next full valuation will be performed as at 31 December 2028.

Scheme subsidy policy:

- Members who retire prior to the retirement age of 60 will not be eligible for a subsidy of medical scheme contributions.
- Members with at least five years' service prior to retirement qualify for a 70% subsidy of contributions.
- Dependents of eligible continuation members receive a subsidy before and after the death of principal member.

If a member eligible for a retirement subsidy dies in service their dependents are eligible for a subsidy of medical scheme contributions as described above.

The liability of the Scheme is calculated to show the effect of:

- A one percentage point decrease or increase in the rate of healthcare cost inflation.
- A one percentage point decrease or increase in the discount rate.
- A one-year decrease or increased in the expected retirement age.
- A one-year decrease or increase in the expected mortality rate

7. POST - RETIREMENT MEDICAL AID BENEFIT (CONTINUED)

The table below shows the results of the sensitivity analysis of changes in rate of healthcare costs inflation, discount rate and the expected retirement age to the projected liability:

31 December 2025

Scenario	Discount rate	Medical scheme contribution increase rate	Real Discount rate	Liability as at 31/12/2025 (R')	Difference (Change) (R')	Difference (Change) %
Base	9.30%	6.80%	2.34%	6 974 194		
A1	8.30%	5.80%	2.36%	6 976 005	1 811	0.0%
A2	8.30%	6.80%	1.40%	8 320 001	1 345 807	19.3%
A3	8.30%	7.80%	0.46%	10 054 708	3 080 514	44.2%
B1	9.30%	5.80%	3.31%	5 927 848	(1 046 346)	-15.0%
B2	9.30%	6.80%	2.34%	6 974 194	-	0.0%
B3	9.30%	7.80%	1.39%	8 306 406	1 332 212	19.1%
C1	10.30%	5.80%	4.25%	5 106 121	(1 868 073)	-26.8%
C2	10.30%	6.80%	3.28%	5 933 015	(1 041 179)	-14.9%
C3	10.30%	7.80%	2.32%	6 972 249	(1 945)	0.0%

7. POST - RETIREMENT MEDICAL AID BENEFIT (CONTINUED)

The table below shows the results of the sensitivity analysis of changes in rate of healthcare costs inflation, discount rate and the expected retirement age to the projected liability

31 December 2024

Scenario	Discount rate	Medical scheme contribution increase rate	Real Discount rate	Liability as at 31/12/2024 (R')	Difference (Change) (R')	Difference (Change) %
Base	12.30%	8.00%	3.03%	5 740 835		
A1	11.30%	8.00%	3.06%	4 737 245	(3 590)	-0.1%
A2	11.30%	9.00%	2.11%	6 756 953	1 016 118	17.7%
A3	11.30%	10.00%	1.18%	8 052 351	2 311 516	40.3%
B1	12.30%	8.00%	3.98%	4 933 561	(807 274)	-14.1%
B2	12.30%	9.00%	3.03%	5 740 835	-	0.0%
B3	12.30%	10.00%	2.09%	6 753 269	1 012 434	17.6%
C1	13.30%	8.00%	4.91%	4 293 337	(1 447 498)	-25.2%
C2	13.30%	9.00%	3.94%	4 941 363	(799 472)	-13.9%
C3	13.30%	10.00%	3.00%	5 744 253	3 418	0.1%

The table below shows the results of the sensitivity analysis of changes in mortality rate to the projected liability

Change in mortality – 31 December 2025

	Base	Age - 1 year	% change	Age + 1 year	% change
Liability brought forward as at 01 January 2025	**5 740 835**	**5 740 835**	**-0.0%**	**5 740 835**	**-0.0%**
Service costs	231 392	231 392	0.0%	231 392	0.%%
Interest costs	711 080	711 080	0.0%	711 080	0.0%
Settlements	(150 777)	(150 777)	0.0%	(150 777)	0.0%
Actuarial (gain)/loss	441 664	240 100	-45.6%	643 572	45.7%
Liability as at 31 December 2025	**6 974 194**	**6 772 630**	**-2.9%**	**7 176 102**	**-2.9%**

8. INSURANCE CONTRACT LIABILITY

8.1 Insurance contract liability to future members

	2025	2024
	R	**R**
Total insurance liability for future members per Statement of financial position	**1 596 702 739**	1 361 264 791
Non-current portion of liability	**1 596 702 739**	1 249 900 941
Current portion of liability	**-**	111 363 850

Reconciliation of the insurance liability to future members

Opening balance	1 361 264 791	1 346 952 781
Plus: surplus per statement of surplus or deficit	233 822 479	14 312 008
Closing balance at the end of the year	1 596 702 739	1 361 264 791

The current portion of the insurance liability to future members disclosed above for the 2024 financial year relates to the Scheme's budgeted deficit for the following financial year.

8.2 Insurance contract liability for current members

Reconciliation of the liability for remaining coverage and the liability for incurred claims - 31 December 2025	LRFC	LIC		
	(Excluding loss component)	**BEL**	**RA**	**TOTAL**
Insurance contracts issued				
Contribution debtors reclassified to LIC	**-**	(112 980 059)	-	(112 980 059)
Other insurance payables (claims accruals)	**-**	60 181 354	-	60 181 354
Other accruals (directly attributable expenses)		3 088 199		3 088 199
Insurance liability - BEL actuarial calculation	**-**	124 531 096	6 505 910	131 037 006
Net balance as at 1 January 2025 restated*	**-**	**74 820 590**	**6 505 910**	**81 326 500**
Insurance revenue				
New contracts entered during the year	(1 851 211 524)	-	-	(1 851 211 524)
Total insurance revenue	**(1 851 211 524)**	**-**	**-**	**(1 851 211 524)**

8. INSURANCE CONTRACT LIABILITY (CONTINUED)

8.2 Insurance contract liability for current members

Reconciliation of the liability for remaining coverage and the liability for incurred claims - 31 December 2025	LRFC (Excluding loss component)	LIC BEL	RA	TOTAL
Insurance service expenses				
Incurred claims and managed care expenses	-	1 593 049 443	2 378 260	1 595 427 703
Directly attributable non-healthcare expenses	-	96 073 665	-	96 073 665
Changes that relate to past service – adjustments to the LIC	-	-	(6 505 910)	(6 505 910)
Reinsurance claims and BEL	-	127 204 605		127 204 605
Reinsurance claims - changes that relate to past service	-	285 738	7 217	292 955
Insurance acquisition cash flows	-	3 204 632	-	3 204 632
Total insurance service expenses	**-**	**1 819 818 083**	**(4 120 433)**	**1 815 697 650**
Total Insurance service result	**(1 851 211 524)**	**1 819 818 083**	**(4 120 433)**	**(35 513 874)**
PMSA contributions received and claims paid	(89 113 473)	64 973 362	-	(24 140 111)
Finance expense from insurance contracts issued (PMSA)	-	(337 007)	-	(337 007)
Cash flows				
Contribution income	1 965 226 928	-	-	1 965 226 928
Income received from forensic recoveries	1 366 984	-	-	1 366 984
Claims paid	-	(1 672 612 017)	-	(1 672 612 017)
Directly attributable non-healthcare expenses	-	(95 715 966)	-	(95 715 966)
Insurance acquisition cash flows paid	-	(3 204 632)	-	(3 204 632)
Total cash flows	**1 966 593 912**	**(1 771 532 615)**	**-**	**195 061 297**
Reinsurance recoveries (non-cash)	-	(127 490 343)	-	(127 490 343)
Transfer of contribution receivable balance to LIC	(26 268 915)	26 268 915	-	-
Net change at 31 December 2025	**-**	**11 700 395**	**(4 120 433)**	**7 579 962**

8. INSURANCE CONTRACT LIABILITY (CONTINUED)

8.2 Insurance contract liability for current members

Reconciliation of the liability for remaining coverage and the liability for incurred claims - 31 December 2025	LRFC	LIC		
	(Excluding loss component)	**BEL**	**RA**	**TOTAL**
Contribution debtors reclassified to LIC	-	(86 711 143)	-	(86 711 143)
Other insurance payables (claims accruals)	-	75 341 449	-	75 341 449
Other accruals (directly attributable expenses)	-	3 445 898	-	3 445 898
Insurance liability - BEL actuarial calculation	-	94 444 781	2 385 477	96 830 258
Net balance as at 31 December 2025	**-**	**86 520 985**	**2 385 477**	**88 906 462**

Reconciliation of the liability for remaining coverage and the liability for incurred claims – 2024 restated	LRFC	LIC		
	(Excluding loss component)	**BEL**	**RA**	**TOTAL**
Insurance contracts issued				
Contribution debtors reclassified to LIC	-	(104 873 669)	-	(104 873 669)
Other insurance payables (claims accruals)	-	109 573 436	-	109 573 436
Insurance liability - BEL actuarial calculation	-	122 566 727	5 363 232	127 929 959
Net balance as at 1 January 2024	**-**	**127 266 494**	**5 363 232**	**132 629 726**
Insurance revenue				
New contracts entered during the year	(1 948 447 950)	-	-	(1 948 447 950)
Total insurance revenue	**(1 948 447 950)**	**-**	**-**	**(1 948 447 950)**

8. INSURANCE CONTRACT LIABILITY (CONTINUED)

8.2 Insurance contract liability for current members

Reconciliation of the liability for remaining coverage and the liability for incurred claims - 31 December 2024	LRFC	LIC		
	(Excluding loss component)	**BEL**	**RA**	**TOTAL**
Insurance service expenses				
Incurred claims and other directly attributable expenses*	-	1 900 536 452	-	1 900 536 452
Directly attributable non-healthcare expenses	-	87 874 422	-	87 874 422
Changes that relate to past service – adjustments to the LIC	-	(204 619)	1 030 778	826 159
Reinsurance claims plus BEL from reinsurance	-	45 515 383	111 900	45 627 283
Insurance acquisition cash flows	-	2 328 214	-	2 328 214
Total insurance service expenses	**-**	**2 036 049 852**	**1 142 678**	**2 037 192 530**
Insurance service result	**(1 948 447 950)**	**2 036 049 852**	**1 142 678**	**88 744 580**
Other changes: Premium control accounts reallocated to LIC	-	(4 533 103)	-	(4 533 103)
Cash flows				
Contribution income	1 944 572 524	-	-	1 944 572 524
Claims and other directly attributable expenses paid*	-	(1 947 345 507)	-	(1 947 345 507)
Directly attributable non-healthcare expenses	-	(85 158 511)	-	(85 158 511)
Insurance acquisition cash flows paid	-	(1 955 926)	-	(1 955 926)
Total cash flows	**1 944 572 524**	**(2 034 459 944)**	**-**	**(89 887 420)**
Reinsurance claims paid (non-cash) *	-	(45 627 283)	-	(45 627 283)
Transfer of contribution receivable balance to LIC	3 875 426	(3 875 326)	-	-
Net changes as at 31 December 2024	**-**	**(52 445 904)**	**1 142 678**	**(51 303 226)**

8. INSURANCE CONTRACT LIABILITY (CONTINUED)

8.2 Insurance contract liability for current members

Reconciliation of the liability for remaining coverage and the liability for incurred claims - 31 December 2024	LRFC (Excluding loss component)	LIC BEL	LIC RA	TOTAL
Net balance as at 31 December 2024				
Contribution debtors reclassified to LIC	-	(112 980 059)	-	(112 980 059)
Other insurance payables (claims accruals)	-	60 181 354	-	60 181 354
Other accruals (directly attributable expenses)	-	3 088 199	-	3 088 199
Insurance liability – BEL actuarial calculation*	-	124 531 096	6 505 910	131 037 006
Net balance as at 31 December 2024 restated	**-**	**74 820 590**	**6 505 910**	**81 326 500**

*restated, refer to note 21 for restatements.

8.3 Reconciliation of Personal Medical Savings account

	2025	2024
	R	**R**
Regulation 10 of MSA reconciliation of the PMSA balance		
Balance on the PMSA at the beginning of the year	-	-
Plus: PMSA contributions received or receivable	89 113 473	-
Plus: Interest on Personal Medical Savings accounts	337 007	-
Less: Claims paid to or on behalf of members	(64 973 362)	-
Balance due to members on the PMSA at the end of the year	**24 477 119**	-

8. INSURANCE CONTRACT LIABILITY (CONTINUED)

8.4 Reconciliation of cash flows

	2025	2024
	R	**R**
Cash received from members – contribution income		
Contributions not yet received - due from members PY	103 245 840	99 370 414
Plus: Contribution income per Statement of surplus and deficit	1 851 211 524	1 948 447 950
Plus: Contributions received related to MSA	89 113 473	-
Less: Contributions not yet received - due from members CY	(78 343 909)	(103 245 840)
Total cash flows as reflected in Note 8.2	1 965 226 928	1 944 572 524
Non-cash contributions from SAMWUMED staff*	(9 094 733)	(6 654 515)
Total cash received for healthcare services as per the statement of cash flows	**1 956 132 195**	**1 937 918 009**

*The non-cash contributions relate to contributions raised to SAMWUMED staff which are not an actual cash flow of the Scheme, however, the movements reduce the debt owed.

	2025	RESTATED 2024*
	R	**R**
Cash paid to providers of healthcare services – claims		
Claims accrual plus BEL (2025)	184 824 350	231 838 025
Plus: Claims incurred including claims paid in respect of prior years	1 561 558 813	1 875 210 827
Plus: Claims paid iro MSA	64 973 362	-
Managed care costs	27 725 871	26 424 311
Enhancement fees	3 764 759	1 553 437
Plus: Finance expense iro insurance contracts issued PMSA	(337 007)	-
Less: Claims accrual plus BEL	(169 898 131)	(184 824 350)
Total cash paid to providers of healthcare services as per note 8.2*	**1 672 612 017**	**1 950 202 250**

*Restated please refer to note 21

8. INSURANCE CONTRACT LIABILITY (CONTINUED)

Cash received from/ (paid to) members and providers – other	Other trade and other receivables	Other debtors (insurance related)	Total
	R	**R**	**R**
Opening balance debtors	2 556 664	9 734 218	12 290 882
Plus: Other income (Sundry Income)	324 596	-	324 596
Closing balance debtors	(737 098)	(8 367 234)	(9 104 332)
Total cash received from/ (paid to) members and service providers as per the statement of cash flows	**2 144 162**	**1 366 984**	**3 511 146**

Cash paid to providers and employees (non–healthcare providers) 2025	Attributable Expenses	Non-attributable expenses	Total
	R	**R**	**R**
Opening balance	3 088 199	7 183 529	10 271 728
Plus: Administration expenses per 8 and 11	96 073 665	62 636 608	158 710 273
Insurance acquisition cost as per 8.2	3 204 632	-	3 204 632
Less: Non-cash items	-	(18 037 864)	(18 037 864)
Depreciation and amortisation	-	2 641 097	2 641 097
Post retirement provision	-	957 310	957 310
Non-cash contributions from SAMWUMED staff	-	9 094 733	9 094 733
Impairment losses	-	5 344 724	5 344 724
Closing balance	(3 445 898)	(11 244 471)	(14 690 369)
Total cash paid to providers and employees as per the statement of cash flows	**105 812 394**	**63 026 744**	**168 839 139**

8. INSURANCE CONTRACT LIABILITY (CONTINUED)

Cash paid to providers and employees (non–healthcare providers) 2024	Attributable Expenses	Non-attributable expenses	Total
	R	**R**	**R**
Opening balance	-	9 527 057	9 527 057
Plus: Administration expenses per 8 and 11	87 874 422	45 444 976	133 319 398
Insurance acquisition cost as per 8.2	2 328 214	-	2 328 214
Less: Non-cash items	-	(9 716 223)	(9 716 223)
Depreciation and amortisation	-	2 538 898	2 538 898
Post retirement provision	-	861 806	861 806
Non-cash contributions from SAMWUMED staff	-	6 654 515	6 654 515
Impairment losses	-	(338 996)	(338 996)
Closing balance	(3 088 199)	(7 183 529)	(10 271 728)
Total cash paid to providers and employees as per the statement of cash flows	**87 114 437**	**38 072 281**	**125 186 718**

The administration expenses were attributed to insurance activities as guided by Circular 29 of 2023 issued by the Council of Medical Schemes.

9. BREAKDOWN OF INSURANCE REVENUE AND SERVICES EXPENSES:

	2025	RESTATED 2024*
	Insurance contracts	**Insurance contracts**
Insurance revenue		
Insurance revenue (risk pool)	**1 851 211 524**	1 948 447 950
Total insurance revenue	**1 851 211 524**	1 948 447 950
Insurance service expenses		
Claims incurred*	**(1 561 558 813)**	(1 875 415 447) *
Claims covered by reinsurance contracts held	**(127 490 343)**	(45 515 383)
MVA and Forensic recoveries	**-**	2 856 743
Managed care services	**(27 725 871)**	(26 424 311)
Enhancement consultation fees	**(3 764 759)**	(1 553 437)
Benefit management services	**(1 076 288)**	(152 624)
Attributable expenses	**(94 997 377)**	(87 721 798)
Sub-total*	**(1 816 613 451)**	(2 033 926 257)*
Changes that relate to past service	**-**	204 619
Risk adjustment to BEL*	**4 120 433**	(1 142 678)
Changes to past service–adjustments to LIC	**4 120 433**	(938 059)
Insurance acquisition costs	**(3 204 632)**	(2 328 214)
Insurance service expense	**(1 815 697 650)**	(2 037 192 530) *
Insurance service result	**35 513 874**	(88 744 580) *

* Restated, refer to note 21 for restatements

9. BREAKDOWN OF INSURANCE REVENUE AND SERVICES EXPENSES (CONTINUED):

9. 1 Analysis of claims and other attributable expenses

	2025	RESTATED 2024
	R	**R**
Claims incurred per note 9*	**1 561 558 813**	1 875 415 447
Managed care services	**27 725 871**	26 424 311
Enhancement consultation fees	**3 764 759**	1 553 437
MVA and Forensic recoveries	**-**	(2 856 743)
Total expenditure per Note 8.2*	**1 593 049 443**	1 900 536 452

9.2 Analysis of managed care incurred:

	2025	2024
	R	**R**
Medscheme Holdings (Pty) Ltd		
Hospital benefit management services	**7 877 402**	7 941 894
Medscheme Network management services	**821 990**	830 163
Medscheme Active Disease Risk management service	**2 671 467**	2 693 418
Medscheme maternity benefit management	**556 557**	562 667
Medscheme Oncology benefit management services	**1 094 694**	714 863
Pharmacy benefit management services	**6 117 831**	6 166 267
Tshela Healthcare (Pty) Ltd – maternity benefit management	**2 334 843**	747 326
Aid for Aids Management (Pty) Ltd		
HIV risk management services	**6 251 087**	6 767 713
Total management care services	**27 725 871**	26 424 311

9. BREAKDOWN OF INSURANCE REVENUE AND SERVICES EXPENSES (CONTINUED):

9.3 Analysis of attributable administrative expenses:

	2025	2024
	R	**R**
Post-retirement medical aid benefit	**957 310**	861 806
Actuarial fees	**1 945 820**	1 733 659
Workmen's Compensation	**110 144**	70 070
Administration system rental	**15 808 640**	18 638 627
Claims administration	**6 621 101**	-
Managed subscription services	**4 308 849**	5 466 651
Staff uniforms	**29 861**	998
Computer consumables	**18 392**	37 431
Computer licensing	**3 128 374**	2 421 015
Salaries	**60 201 779**	58 328 074
Recruitment costs	**1 795 020**	91 381
Employee wellness management services	**72 087**	72 087
Sub-total	**94 997 377**	87 721 798
Benefit management services	**1 076 288**	152 624
Total attributable expenses	**96 073 665**	87 874 422

*Restated, refer to note 21 for restatements.

10. NET INCOME FROM REINSURANCE CONTRACTS HELD

	2025	2024
	R	R
Dental benefit expense / (income)	**(4 087 524)**	(4 139 255)
Amounts recovered from provider	**65 454 839**	25 937 311
Allocation of premiums paid	**(69 542 363)**	(30 076 566)
Emergency medical assistance services benefit expense / (income)	**(144 238)**	(662 096)
Amounts recovered from provider	**10 676 620**	4 028 002
Allocations of premiums paid	**(10 820 858)**	(4 690 098)
Optical benefit expense / (income)	**6 077 579**	(4 518 837)
Amounts recovered from provider	**51 366 100**	15 661 970
Allocations of premiums paid	**(45 288 522)**	(20 180 807)
Net income / (expense) from reinsurance contracts	**1 845 816**	(9 320 188)

The Scheme has entered into capitation agreements with three providers, for optical, dental benefits and for emergency medical assistance. The primary objective of these agreements is to provide efficient and cost-effective benefits to the Scheme's members. Refer to note 17 relating to further detail on the optical, dental and emergency medical assistance services capitation agreements.

11. OTHER OPERATING EXPENSES

	2025	2024
	R	R
Administration expenditure		
Advertising and public relations	**8 182 727**	5 367 923
Amortisation	**28 793**	40 847
Annual General Meeting expenses	**3 475 802**	751 835
Audit fees: current year	**4 220 181**	2 647 899
Bank charges	**1 770 156**	1 205 423
Board of Healthcare Funders fees	**580 420**	570 754
Board of trustee's fees and expenses	**1 898 064**	1 770 273
Board of trustees' committee fees and expenses	**1 466 182**	1 063 910
Cleaning costs	**158 798**	356 432
Commercial comprehensive insurances	**840 532**	775 511
Consulting fees	**9 217 302**	6 143 836
Council for Medical Scheme levies	**1 722 320**	1 628 449
Depreciation	**2 669 890**	2 498 051
Forensic and MVA recovery services	**2 559 883**	1 992 016
Legal fees	**4 635 757**	729 135
Member communication	**515 916**	1 085 257
Other expenses	**4 596 004**	5 408 749
Remuneration paid to Principal Officer	**4 848 964**	3 397 522
Repairs and maintenance	**721 501**	1 571 407
Security	**2 205 732**	1 011 787
Short term rentals	**81 200**	519 416
Staff fidelity guarantee insurance	**50 000**	50 000
Telephone costs	**3 019 768**	2 987 831
Travelling expenses	**3 170 716**	1 870 713
	62 636 608	**45 444 976**
Principal officer remuneration		
Leave provision	**466 922**	295 502
Long-term benefits	**500 442**	376 381
Other short-term benefits	**801 424**	236 582
Salary and bonus	**3 080 176**	2 489 057
	4 848 964	**3 397 522**

11. OTHER OPERATING EXPENSES (CONTINUED)

Board of trustees' committee fees and expenses

Name	Committee	Fees and expenses 2025 (R)	Fees and expenses 2024 (R)
AV Memela	Disputes and Complaints	121 983	33 548
AP Wakaba	Finance & Investment	40 259	64 060
CM Phehlukwayo	Audit & Risk (Chair)	324 214	179 898
J M Mathibe	Procurement (Chair)	237 106	96 848
JVM Mbonani	Finance & Investment	80 517	64 060
L Ndziba	Remuneration, Social and Ethics	108 162	76 720
MK Majatladi	Clinical Governance & Ex-Gratia (Chair)	-	69 630
ND Madiba	Remuneration, Social & Ethics	108 162	76 720
P Ganesan	Audit & Risk	108 162	76 720
PN Qwabe	Remuneration, Social & Ethics (Chair)	215 921	237 627
SF Mkhize	Audit & Risk	108 162	76 720
		1 452 648	**1 052 551**

Board of trustees' remuneration - 2025	Retainer and meeting fees	Meeting costs	Travelling and accommodation	Telephone expenses	Total
	R	R	R	R	R
S Dube	115 799	4 400	8 920	37 984	167 103
N Bhozo	115 799	4 675	1 875	38 703	161 052
L Sibiya	189 051	6 279	135 253	40 127	370 709
M Marule	132 333	3 850	14 574	39 872	190 630
GM Nzuza	116 074	3 850	6 670	41 327	167 920
IM Solomon	115 799	4 400	5 816	41 092	167 107
M Langa	115 799	3 850	-	37 611	157 260
S Dladla	115 799	3 850	13 989	38 072	171 710
J Mcanjana	115 799	3 025	6 431	41 058	166 313
MR Letsoalo	114 712	4 400	19 965	39 183	178 260
	1 246 964	42 579	213 493	395 029	1 898 064

11. OTHER OPERATING EXPENSES (CONTINUED)

Board of trustees' remuneration - 2024	Retainer and meeting fees	Meeting costs	Travelling and accommodation	Telephone expenses	Total
	R	R	R	R	R
S Dube	102 029	5 375	18 088	29 876	155 368
N Bhozo	102 029	4 000	18 034	31 314	155 377
L Sibiya	198 783	6 300	44 984	31 314	281 381
M Marule	140 185	4 025	51 204	31 314	226 728
GM Nzuza	102 029	4 025	21 990	32 258	160 302
MI Solomon	103 434	3 275	18 964	30 770	156 443
M Langa	102 029	4 500	20 694	30 839	158 062
S Dladla	103 908	4 000	16 670	30 839	158 062
J Mcanjana	102 029	3 275	15 093	30 839	151 236
MR Letsoalo	102 029	4 500	30 460	32 970	169 959
	1 158 484	43 275	256 181	312 333	1 770 273

12. INVESTMENT INCOME

	2025	2024
	R	R
Dividends	**13 780 346**	10 872 191
Interest income		
Investments	**77 149 393**	89 471 926
Bank and cash	**4 899 809**	5 001 268
Total interest and dividends	**95 829 548**	105 345 385
Net gains from financial assets	**166 104 058**	55 956 867
Total investment income	**261 933 606**	161 302 252

13. INVESTMENT MANAGEMENT FEES

	2025	2024
	R	R
Argon Asset Managers (Proprietary) Limited	**1 153 129**	1 313 052
Mazi Asset Management (Proprietary) Limited	**993 458**	828 385
Aluwani Capital Partners (Proprietary) Limited	**996 398**	818 878
Allan Gray Life Limited	**-**	921 756
M & G Investment Southern Africa (Pty) Ltd	**1 017 910**	872 595
Coronation Fund Managers	**1 028 382**	153 754
	5 189 277	4 908 420

14. SOLVENCY RATIO

	2025	2024
	R	R
Total Insurance liabilities for future members and other reserves per Statement of Financial Position	**1 615 629 925**	1 380 633 641
Unrealised non-distributable reserve	**(7 750 020)**	(7 750 020)
Cumulative net gain on re-measurement to fair value of investments included in accumulated funds	**(176 086 670)**	(32 660 330)
Cumulative net gain on re-measurement of post-retirement medical aid benefit	**(11 177 166)**	(11 618 830)
Accumulated funds per Regulation 29	**1 420 616 069**	1 328 604 461
Gross insurance revenue including savings portion	**1 940 324 997**	1 948 447 950
Solvency ratio	**73.22%**	68.19%

The Scheme's solvency ratio has increased to 73.22% for the year ended December 2025 compared to 68.19% in December 2024, this ratio is significantly above the statutory compliance ratio of 25%. The Scheme's liability for members and other reserves has increased by 17.31% year on year. In compiling the budget for 2026 the declining membership, unaffordability of medical aid contributions, utilisation of benefits, investment income was considered, and contribution increases of 8,9% for both Options of the Scheme were recommended and approved giving rise to a forecasted solvency ratio more than 70% as of 31 December 2026.

15. MATTERS OF NON-COMPLIANCE

Contravention of Section 57(1) of the Medical Schemes Act

Nature and impact of non-compliance

In terms of section 57(1) of the Medical Schemes Act 131 of 1998, every medical scheme shall have a board of trustees consisting of persons who are fit and proper to manage the business contemplated by the medical scheme in accordance with the applicable laws and the rules of such medical scheme.

Due to delays in the submission and vetting of SAMWU appointed trustees following the end of the previous Board's term in September 2025, the Scheme did not meet the governance requirement to constitute a board of trustees after the permitted 30 days from end of term. As a result, the Principal Officer performed the functions of the Board beyond the statutory limit. This prolonged interim arrangement resulted in a period of non-compliance and heightened the governance risks faced by the Scheme during this time.

Cause of non-compliance

SAMWU did not submit the required list of appointed trustee nominees within the prescribed timelines, despite having sent in May 2025, the formal informative notification of the elective AGM to be held in September 2025, and repeated requests for the required four (4) appointed nominees since August 2025. A list of nominees was eventually provided on 24 November 2025. In line with Section 57(1), the Scheme conducted an independent fit and proper vetting process, during which several nominees did not meet the required governance standards. This necessitated further engagement with SAMWU to obtain suitable replacement nominees, which resulted in further delays in finalising the Board appointments.

As a result, the Scheme was unable to constitute a fully compliant Board within the statutory 30-day period following the expiry of the previous Board's term in September 2025. Consequently, the Principal Officer continued performing the Board's functions beyond the period permitted under Section 57(1), giving rise to a temporary period of statutory non-compliance, which persisted until suitable nominees could be appointed and the Board formally reconstituted.

Corrective action

The Scheme submitted an exemption application to the Council for Medical Schemes within the required prescribed timeline on 30 October 2025, requesting authorisation for the duly elected six (6) trustees to function as an interim Board. This measure was intended to prevent a governance vacuum and ensure operational continuity in line with Section 32 of the Act. The Scheme also requested SAMWU to submit alternative nominees to restore full compliance with the Board composition requirements. To maintain effective of governance while the nomination and vetting process was being finalised, the Scheme submitted a further Supplementary Exemption Application to the Council for Medical Schemes on 30 January 2026 in terms of Section 8(h) of the Medical Schemes Act. The application sought approval for the six elected trustees, together with the one SAMWU nominee who met the fit and proper requirements, to function as an interim Board until the process of finalising the remaining suitable nominees was complete. The exemption was not granted by the Council of Medical Schemes.

A fully constituted Board was established on 31 March 2026, thereby restoring compliance with Section 57(1). The Scheme has since strengthened its governance processes by formalising escalation protocols for Trustee appointments and enhancing coordination with SAMWU to prevent a recurrence of delays. The Board of Trustee term has been formally recorded in the summarised annual financial statements.

Contravention of Regulation 10 (4) and 10 (5) (a) and (b) of the Medical Schemes Act

Nature and impact of non-compliance

In terms of Regulation 10 (4) of the Medical Schemes Act 131 of 1998 as amended, credits balances in a members' personal medical savings account shall be transferred to another medical scheme or benefit option with a personal medical savings account, as the case maybe, when such member changes medical scheme or benefit options.

15. MATTERS OF NON-COMPLIANCE (CONTINUED)

Contravention of Regulation 10 (4) and 10 (5) (a) and (b) of the Medical Schemes Act

In terms of Regulation (5) (a), (b) of the Medical Schemes Act 131 of 1998 as amended, credits balances in a members' personal medical savings account shall be taken as a cash benefit subject to applicable tax laws, when the member terminates his or her membership of a medical scheme or benefit option and then: -

'(a) enrols in another benefit option or medical scheme without a personal medical savings account; or
'(b) does not enrol in another medical scheme.

The Scheme failed to settle the credit balance of R815 157 in the personal medical savings account of the members who terminated their membership during 2025.

Cause of non-compliance

The Scheme introduced a savings option in January 2025 to attract younger members and enhance benefits, necessitating updates to Scheme rules, debt management policies, and system configurations. Implementation delays in updating the rules, polices and systems resulted in non-compliance with regulated timeframes for settling credit balances relating to members who terminated membership during 2025.

Corrective action

Corrective actions have been implemented, including Council approval of updated rules, revision of the debt management policy, and strengthened administrative guidelines. System updates and reconciliations are in progress, with all outstanding credit balances scheduled for payment by the end of second quarter of 2026.

Contravention of Section 26(7) of Medical Schemes Act

Nature and impact of non-compliance

In terms of Section 26(7) of the Medical Schemes Act 131 of 1998 as amended all contributions shall be paid directly to a medical scheme not later than three days after payment thereof becoming due. During the year under review the Scheme did not collect the contributions within three days of becoming due. The outstanding contributions received past the statutory prescribed time were R13 653 515 as of 31 December 2025 (2024: R 33 452 988).

Cause of non-compliance

The Scheme encounters employer groups who do not make their contribution payments within the statutory prescribed time. For the employer groups identified causes of non-compliance range from administrative to cashflow challenges. The Scheme's management continuously follow up with these employer groups until the payment is received.

Corrective action

Non-compliant employer groups are continuously notified of the non-compliance and requested to make payment of the outstanding contributions. The Scheme currently enforces the debt management policy to mitigate the risk.

Contravention of Section 33 (2) of the Medical Schemes Act

Nature and impact of non-compliance

In terms of Section 33(2) of the Medical Schemes Act 131 of 1998 as amended each benefit option is required to be self-supporting in terms of membership and financial performance and be financially sound.

During the financial year under review, Option A of the Scheme did not comply with Section 33(2) in terms of financial performance, however the benefit option had a membership base of above 6000. The Scheme maintained accumulated funds (net assets) that exceeded the minimum statutory requirements of 25% solvency ratio.

15. MATTERS OF NON-COMPLIANCE (CONTINUED)

Benefit option	**Insurance service result**	Net surplus for the year
Option A	**(26 700 345)**	50 265 882

Contravention of Section 33 (2) of the Medical Schemes Act

Cause of non-compliance

Option A recorded a R26.7 million deficit for the year, mainly due to high claims costs from increased benefit utilisation, higher disease burden, and declining membership.

Corrective action

The financial performance risk profile and claims experience of all benefit options is monitored and evaluated on a continuous basis through risk management monitoring of fraud and waste outcomes from Claims Experience analysis. Strategies are formulated to address loss making benefit option through benefits and contributions increase review process whereby affordability and chronic prevalence and aging are considered.

Benefits and Contribution review was completed for 2026 and Pricing Report submitted to Council for Medical Schemes (CMS). An average 8.9% contribution increase was proposed and approved. The Scheme proposed minimal benefit enhancements for the 2026 benefit year to allow the Scheme to return to a sustainable level of financial performance.

Contravention of Section 35 (8) of the Medical Scheme Act

Nature and impact of non-compliance

Section 35 (8) of the Act states that: “A medical scheme shall not invest any of its assets in the business of or grant loans:

a) an employer who participates in the medical scheme or an administrator or any arrangement with the medical scheme;
b) any other medical scheme;
c) any administrator; and
d) any person associated with any of the abovementioned.

At 31 December 2025 the Scheme indirectly holds investments in the holding company of the Administrator or any other Administrator. The companies include Discovery Limited, Netcare Ltd and Momentum Metropolitan Health Ltd. This is in contravention of section 35(8)(c) of the Act.

Cause of non-compliance

The Funds in this specific portfolio are structured at the sole discretion of the asset manager in a manner that maximises returns. Therefore, the Scheme does not make inputs into the structuring of the portfolio.

Corrective action

The Scheme has been granted exemption by the Council for Medical Schemes in terms of Section 35(8) and is therefore allowed to hold these shares. The exemption is valid for a period of three years effective 1 December 2025 until 31 December 2028 subject to renewal.

15. MATTERS OF NON-COMPLIANCE (CONTINUED)

Contravention of Regulation 28 (2) of the Medical Scheme Act

Nature and impact of non-compliance

In terms of Regulation 28(2), published in terms of the Medical Schemes Act, the maximum amount payable to a broker by a medical scheme in respect of the introduction of a member to a medical scheme by that broker and the provision of ongoing service or advice to that member shall not exceed –

a) R121.84 plus value-added tax (VAT) per month or such other monthly amount as the Minister shall determine annually in the Government Gazette, taking into consideration the rate of normal inflation or;
b) 3% plus value-added tax (VAT) of the contributions payable in respect of that member, whichever is the lesser.

During the financial year under review, the Scheme paid brokers at a rate higher than the regulated amount on eleven instances. The Scheme did not apply lesser or the R121.84 or 3% of the contribution payable as per regulation resulting in the non-compliance.

Contravention of Regulation 28 (2) of the Medical Scheme Act

Cause of non- compliance

As the Scheme has been experiencing loss of membership over time, it explored the use of brokers to support our member recruitment and retention efforts. Given the competition in the industry, the Scheme paid at the higher rate to ensure that we can attract the credit brokers for the purpose.

Corrective action

With effect from 01 December 2025, the Scheme has changed the rate paid to the brokers and aligned with the stipulated rate as per the above Regulation.

16. CONTINGENCIES

	2025	2024
Matter: Mokoka & Ramoba vs SAMWUMED	**R**	R
Possible liability	**200 000**	200 000

There are three Civil claims with the High Court Civil that were brought by pharmacists for services allegedly rendered to Scheme members. The action is being defended, and the Scheme is awaiting a trial date. This matter has been set aside for an unspecified period (sine die). The Scheme is waiting for the Plaintiff to resume with the legal proceedings.

	2025	2024
Matter: CayiCayi and another vs SAMWUMED	**R**	R
Possible liability	**100 000**	100 000

High Court claim for services allegedly rendered to Scheme members. The action is being defended, and the Scheme is awaiting a trial date. This matter has been set aside for an unspecified period (sine die). The Scheme is waiting for the Plaintiff to resume with the legal proceedings.

16. CONTINGENCIES (CONTINUED)

	2025	2024
Matter: Ryan Construction vs SAMWUMED	**R**	R
Possible asset	**5 113 975**	5 113 975

The SAMWUMED Head Office in Athlone has been retained although the renovations seem to have been over capitalised for the location of these offices. Despite spending an estimated R29 million on building renovations, the building is still not certified for occupation since 2025 and there were more latent defects discovered.

Matter: Ryan Construction vs SAMWUMED

The application to obtain the required Occupancy Certificate from the City Council is in progress. A forensic investigation was carried out with a view to establish the legitimacy of Ryan Construction's claim and any irregularities which arose as a result of the maintenance agreement between SAMWUMED and Ryan Construction. The investigation established that there were overbillings by Ryan Construction for services carried out. The former Principal Officer was implicated in Ryan Construction's dealings with SAMWUMED. The billing discrepancies pertaining to the construction works were conducted by an Independent Quantity Surveyor.

Ryan Construction refused to provide SAMWUMED with bills of materials used in the renovations and instead issued summons to SAMWUMED for outstanding payments of R417 800 and the scheme is defending the matter. SAMWUMED has in turn issued summons to recover an amount of R5 113 975 based on the findings of the forensic investigations. The Regional Court matter has successfully transferred to the High Court, and a High Court case number has been allocated to the Regional Court matter. The consolidation has been finalised. At the date of this report, the Scheme was awaiting a hearing date from the court.

	2025	2024
Matter: MOSO Consulting Brokers vs SAMWUMED	**R**	R
Possible liability	**9 297 818**	9 297 818

1. Matter: Moso Consulting Services v City of Johannesburg

Moso Consulting Services issued summons for alleged outstanding commissions totalling R9,297,817.75, which were served on the Scheme on 14 September 2021. The Scheme has defended the matter and filed a plea on 17 February 2022. By agreement between the parties, the matter has been referred to arbitration.

All pleadings for the arbitration have been filed, including the discovery affidavits submitted by both parties. A preliminary meeting with the appointed arbitrator has been held. In addition, Moso submitted further requests for discovery, and the Scheme's legal counsel is currently reviewing the additional documentation and evidence provided in this regard.

Matter: MOSO Consulting Brokers vs SAMWUMED

1. Matter: Moso Consulting Services v City of Johannesburg

The arbitration hearing has been scheduled for 10 to 21 November 2025 in Johannesburg, and the Scheme's legal counsel is preparing for the upcoming proceedings, including finalising responses to requests for further particulars and completing all pre-hearing obligations.

16. CONTINGENCIES (CONTINUED)

2. Matter: Moso Consulting Brokers and City of Ekurhuleni

The Scheme's internal sales consultants were prevented by the City of Ekurhuleni ("CoE") from marketing the Scheme to its employees, as the City advised that only Moso Brokers was accredited to market medical schemes to its staff.

The Scheme obtained legal counsel, which concluded that Moso was in breach of its broker agreement with SAMWUMED, and that both Moso and the City of Ekurhuleni were in contravention of the Medical Schemes Act and the Competition Act. In addition, the City was found to be in breach of the Collective Agreement of the SALGBC.

On 22 December 2023, the Supreme Court of Appeal ("SCA") upheld SAMWUMED's appeal, set aside the orders of the lower court, and ordered the respondents (Moso and CoE) to pay the costs of the application jointly and severally.
As of October 2025, the Scheme has successfully recovered Moso's portion of the taxed costs and now awaits payment of the remaining portion from the City of Ekurhuleni. There is no contingent liability for the Scheme relating to this matter.

	2025	2024
Matter: SASP Commercial Affairs	**R**	R
Possible liability	**750 000**	750 000

Application proceedings instituted by SASP Commercial Affairs (Pty) Ltd seeking a declaratory order that section 59(3) of the Medical Schemes Act 131 of 1998 is unconstitutional on the basis that its application contravenes section 33 and 34 of the Constitution of the Republic of South Africa. The Applicant filed a joinder application to add 13 respondents including Medscheme. Respondents' 4th to 24th and 73rd filed applications for security for costs (R1 250 000 and R850 000). The matter is stayed until the rescission application is finalized.

Outstanding applications and the main application. Given the rescission of the order for security for costs the contingent liability for SASP to provide security for costs (R750 000) no longer exists. However, the outcome of the main application and any remaining interlocutory applications could still impact the summary financial statements. It is important to monitor the progress and update the disclosure note accordingly. We expect a hearing date to be allocated in the first term of 2025 depending on the timelines afforded for the filing of further affidavits. The Scheme has opposed the application. The discovery affidavit was signed by the Principal Officer and successfully filed at the High Court. The matter was heard on 09 – 11 September 2025 by Judge van der Westhuizen. Judgement has been reserved.

	2025	2024
Matter: Mthatha Sub-Acute Hospital	**R**	R
Possible liability	**4 045 875**	4 045 875

Matter: Mthatha Sub-Acute Hospital

Mthatha Sub-Acute Hospital operated as a sub-acute private care and step-down facility. The hospital rendered services to patients who were members of various Medical Schemes including SAMWUMED. Claims submitted for services rendered amounted to R13 486 251.20 which were authorized by Medscheme. In June 2020 Medscheme failed/refused to pay the outstanding balance of R4 045 875.36. The hospital unlawfully provided care to patients requiring acute care instead of sub-acute care. Claims submitted fell outside the hospital's permitted scope of work. The hospital asserts it did not breach any terms of its license and did not defraud the defendants' clients. The hospital claims entitlement to payment of R4 045 875.36 plus interest at the legal rate and costs of suit.

16. CONTINGENCIES (CONTINUED)

A notice of motion for joinder of the application was submitted and heard in the High Court of South Africa Gauteng Local Division Pretoria on the 18th of May 2023 where we as a Scheme were joined as additional respondents in the plaintiff's action against Medscheme Holding (Pty) Ltd under case number 45998/2021 together with other Schemes. Settlement of the matter on behalf all Schemes has been approved, and the settlement agreement was sent to opposing attorneys to be finalised accordingly.

	2025	2024
Matter: Cross-med Health Centre	**R**	R
Possible liability	**10 418 311**	10 418 311

The Scheme, together with other medical schemes, has joined the class action to enable Medscheme to defend the claims brought by Cross-Med Health Centre. Cross-Med alleges that claims totalling R10 418 311.88 were fraudulently paid into the bank account of "Cross-Med Mthatha", an entity associated with Dr. Yako, rather than into the verified bank account of Cross-Med Health Centre. Cross-Med alternatively claims R9 818 102.93 from Medscheme and the medical schemes cited as the Fifth to Twelfth Respondents, including SAMWUMED as the Tenth Respondent. Cross-Med contends that the erroneous payments resulted from negligence by Medscheme and the schemes involved and seeks recovery of the amounts due. The respondents argue that the loss stemmed from fraudulent actions linked to Dr. Yako and not from negligence on their part.

Matter: Cross-med Health Centre

During 2025, a Settlement Agreement was concluded between the parties to the class action. Under this agreement, Medscheme has acknowledged liability for the full Settlement Amount of R10 734 683.36, and Medscheme has bound itself as surety and co-principal debtor for the due payment of the settlement. The Settlement Amount will only become payable after conclusion of the legal action, on the condition that the matter does not end in an adverse judgment against Medscheme and the schemes. In the event of an adverse judgment, the settlement agreement lapses, and neither SAMWUMED nor the other schemes will be liable to make payment.

SAMWUMED has mandated Medscheme and its legal team to continue defending the matter on its behalf and is awaiting further updates regarding the progression of the main application.

	2025	2024
Matter: Melomed Hospital	**R**	R
Possible liability	**871 599**	-

The matter consists of three related issues:

1. A scheme member and an Economic Freedom Fighters Western Cape Provincial Parliament representative lodged a complaint alleging that Melomed Hospitals were improperly excluded from the Scheme's hospital network for the 2026 to 2029 contracting cycle. The procurement process was conducted by the Scheme's managed care service provider, Medscheme Holdings (Pty) Ltd.
2. National Hospital Network has instituted court proceedings against Medscheme Holdings (Pty) Ltd seeking to interdict implementation of the procurement outcome and to review and set aside the process.
3. The Scheme is considering legal action against Melomed Hospital and Atfin Brokers for allegedly publishing defamatory statements regarding the Scheme's network decisions and unlawfully accessing member information to distribute SMS messages containing the allegations.

17. RELATED PARTIES

Related parties, as defined in IAS 24, include persons who have control or joint control over the Scheme; persons with significant influence over the Scheme; and key management personnel of the Scheme or of entities providing key management services, including executive and non-executive members.

Related persons	Relationships
Board of Trustees	Control
South African Municipal Workers Union (SAMWU)	Significant influence
Insight Actuaries & Consultants (Pty) Ltd	Significant influence
Netcare 911 (Proprietary) Limited	Significant influence
Brokers	Significant influence
Management Information Planning (MIP) Holdings (Proprietary) Limited	Significant influence
Medscheme Holdings (Proprietary) Limited	Significant influence
Aid for Aids Management (Proprietary) Limited	Significant influence
Qhubeka Forensic Services	Significant influence
Dental Information Systems (Proprietary) Limited (DENIS)	Significant influence
Preferred Provider Negotiators (Pty) Ltd (PPN)	Significant influence
Tshela Healthcare (Pty) Ltd	Significant influence
Principal Officer	Key Management personnel
Audit & Risk Committee	Key Management personnel
Finance and Investment Committee	Key Management personnel
Independent members of Board of trustees' Sub-Committees	Key Management personnel

Aid for Aids Management Proprietary Limited

Aid for Aids HIV Management (A4A) is a managed care service provider. A4A has significant influence over the Scheme since A4A provides operational information on which policy decisions were based but does not control the Scheme. A4A provides custom made integrated health risk management services to the Scheme and has built considerable capacity in the provision of wellness HIV and AIDS disease medicine hospital and clinical risk management services. The agreement was for an initial period of one year commencing on 1 January 2017 and terminating on 31 December 2017 and automatically renewed for a successive period on one year. The Scheme has the right to terminate the contract on 180 days' notice. The contract was reviewed and renewed for the 2021 year; however, the provider was given 6 months' notice to 31 December 2021. The fees due are reviewed annually before 30 November and is payable within 30 days. Interest charges may apply to late payments.

17. RELATED PARTIES (CONTINUED)

Aid for Aids has significant influence over the Scheme but does not control the Scheme. The agreement is for an initial period of 3 years commencing on 01 August 2015 and terminating on 31 July 2018. The contract is renewed automatically for successive periods of one year. The Scheme has the right to terminate the contract on 180 days' notice. The fees due are reviewed annually and are payable within 30 days. Interest charges may apply to late payments.

After the tender process for the provision of integrated health risk management services the Scheme appointed Aid for Aids to offer these services to the Scheme effectively from 01 January 2022 to 31 December 2024. The agreement was further extended for another 3 years to 31 July 2027.

South African Municipal Workers' Union (SAMWU)

The Union is responsible for appointing four members of the Board of Trustees in compliance with Rule 24.1.2.3 of the Scheme's Rules and thus has significant influence over the Scheme but does not control the Scheme.

Brokers

The Scheme has contracted brokers to service existing members of the Medical Scheme and recruit new members. The broker fees are paid in accordance with the requirements of the Act. The fees are paid 30 days in arrears and outstanding balances bear no interest. The Scheme has the right to terminate the contract on 30 days' notice. The brokers have significant influence over the Scheme due to the interaction with Scheme members but do not control the Scheme.

Management Information Planning (MIP) Holdings Proprietary Limited

The Scheme has entered into an agreement with MIP to provide an administration system to the Scheme and in turn the operational information on which policy decisions will be based. MIP has significant influence over the Scheme but does not control the Scheme. The agreement was for an initial period of 3 years commencing on 1 January 2015. The Scheme has the right to terminate the contract on 180 days' notice. The fees due are reviewed annually and are payable within thirty days from the billing date. Interest charges may apply to late payments.

The contract expired as of 31 December 2021; however, the Scheme and MIP signed an agreement with an extended period of and additional six months effectively, from 01 January 2022 till 30 June 2022 on the same terms and conditions as per the Agreement. The Scheme further extended the contract for another year and a half until 31 July 2024.

Medscheme Holdings (Proprietary) Limited

1.1 Managed Care Services

The Scheme entered into an agreement with Medscheme to provide Managed care services that include Medicine Risk Management, Disease Risk Management, HIV Risk Management, PBM Management and Hospital Benefit Management.

Medscheme has significant influence over the Scheme but does not control the Scheme. The agreement was for an initial period of 3 years commencing on 01 August 2015 and terminating on 31 July 2018. The contract is renewed automatically for successive periods of one year. The Scheme has the right to terminate the contract on 180 days' notice. The fees due are reviewed annually and are payable within 30 days. Interest charges may apply to late payments.

After the tender process for the provision of managed care services the Scheme appointed Medscheme Holdings to offer these services to the Scheme effectively from 01 January 2022 to 31 December 2024. The agreement was further extended to 31 July 2027.

17. RELATED PARTIES (CONTINUED)

1.2 Integrated Claims processing and Nexus administration system rental

The Scheme entered into an agreement with Medscheme to provide integrated claims processing services and to rent their administration system.

Medscheme has significant influence over the Scheme but does not control the Scheme. The agreement was for an initial period of 3 years commencing on 01 August 2024 and terminating on 31 July 2027. The contract is renewed automatically for successive periods of one year. The Scheme has the right to terminate the contract on 180 days' notice. The fees due are reviewed annually and are payable within 30 days. Interest charges may apply to late payments.

After the tender process for the provision of integrated claims processing services and Nexus administration system rental, the Scheme appointed Medscheme Holdings to offer these services to the Scheme effectively from 01 August 2024 to 31 July 2027.

Dental Information Systems (Proprietary) Limited (DENIS)

The Scheme has entered into an agreement with DENIS to provide dental claim management services (Dental Capitation). Capitation fees are fixed payments made by medical schemes to healthcare providers based on the number of enrolled members, rather than the services provided. This model is designed to promote cost-effective care and efficient resource use. The Scheme entered into this capitation agreement to outsource a portion of risks it underwrites relating to dental services, the objective of the agreement is to provide members with efficient and cost-effective benefits as well as maximising capital resources.

This is a reinsurance contract held, in substance, is non-proportional reinsurance contract held. According to the terms of the capitation agreement, the DENIS will reimburse the ceded amounts in the event the risk claim is paid. According to the terms of the agreement, DENIS will provide benefits to all members of the Scheme as and when required by the members. The Scheme does however remain liable to all its members with respect to the capitation agreement if the capitation provider fail to meet their obligations.

This agreement includes the negotiation of tariffs, processing of claims, payment of claims, and other related services for dentistry benefits applicable to the members. Dental services will be paid according to the SAMWUMED dental tariff list, which will be published on the DENIS website (www.denis.co.za) from time to time.

The agreement commenced on 01 August 2024 and will terminate three years after the commencement date, subject to either party being entitled to terminate the agreement earlier as contemplated in clauses 4.4 or 4.5.

The agreement may be renewed for a maximum of one successive period of three years after the initial three-year period, provided that the Scheme gives written notice to DENIS of its intention to renew the agreement no later than three months prior to the expiry of the initial period, or such other time as the parties may agree upon.

Tshela Healthcare

The Scheme has entered into an agreement with Tshela Healthcare to serve as the maternity provider. This agreement encompasses services related to Operations, Data, and Reporting, all of which will be provided within the allocated budget.

Tshela Healthcare will participate in monthly or other agreed-upon frequency of progress meetings to monitor the implementation of services. Tshela Healthcare will enter into employment agreements with each of its nurses.

These agreements will be reviewed by SAMWUMED and will include the identity and professional registration documents of the hired personnel. Tshela Healthcare will provide necessary training and orientation to its staff. They will also comply with all management systems and reporting procedures as required by SAMWUMED. Tshela Healthcare will submit any written reports requested by SAMWUMED in a timely manner.

SAMWUMED will pay Tshela Healthcare a monthly fee and an additional amount per maternity bag. If SAMWUMED requires services not outlined in the agreement (the "Additional Services"), Tshela Healthcare will provide a quotation for these services.

17. RELATED PARTIES (CONTINUED)

Upon approval of the quotation by SAMWUMED, Tshela Healthcare will render the Additional Services and charge the fees as per the approved quotation.

The agreement is valid from 01 August 2024 and will terminate on 31 July 2026. The agreement will continue for the agreed-upon contractual period unless extended by mutual consent or terminated earlier in accordance with its terms. The agreement will automatically terminate once the services have been rendered by Tshela Healthcare to SAMWUMED and all accrued fees (inclusive of VAT) have been paid by SAMWUMED to Tshela Healthcare.

Preferred Providers Negotiators (PTY) Ltd (PPN) - Optical Benefits

The Scheme has entered into an agreement with PPN to provide optometric benefits to its beneficiaries. This optometric benefit management agreement is a limited risk agreement concerning the costs of optometric benefits provided during the contract period. The Scheme entered into this capitation agreement to outsource a portion of risks it underwrites relating to optical, optical services, the objective of the agreement is to provide members with efficient and cost-effective benefits as well as maximising capital resources.

This is a reinsurance contract held, in substance, is non-proportional reinsurance contract held. According to the terms of the capitation agreement, the PPN will reimburse the ceded amounts in the event the risk claim is paid. According to the terms of the agreement, PPN will provide benefits to all members of the Scheme as and when required by the members. The Scheme does however remain liable to all its members with respect to the capitation agreement if the capitation provider fail to meet their obligations.

The agreement limits the financial risk to the Scheme regarding the costs of optometric benefits provided to beneficiaries. PPN indemnifies the Scheme against any claims by PPN Network Providers or beneficiaries for optometric benefits provided during the contract period, except as provided for in clauses 4.3 and 4.4, or in the event of early termination or lawful cancellation of the agreement.

The Scheme shall pay the agreed monthly premiums, which are payable by beneficiaries in respect of the optometric benefits, into the Optical Benefit Fund, monthly in advance. This optometric benefit management agreement was effective from 01 August 2024 and will remain in force until 31 July 2027.

Netcare Jet Air Ambulance Proprietary Limited T/A Netcare Limited Administration (Netcare 911)

The Scheme has entered into an agreement with Netcare Limited Administration, which operates as a pre-hospital risk management, emergency response, and transportation company. This agreement is on an exclusive basis, with Netcare Limited Administration acting as an independent contractor to provide these services to the beneficiaries. The Scheme enters into this capitation agreement to outsource a portion of risks it underwrites relating to emergency medical services, the objective of the agreement is to provide members with efficient and cost-effective benefits as well as maximising capital resources.

Netcare Jet Air Ambulance Proprietary Limited T/A Netcare Limited Administration (Netcare 911)

This is a reinsurance contract held, in substance, is non-proportional reinsurance contract held. According to the terms of the capitation agreement, the Netcare 911 will reimburse the ceded amounts in the event the risk claim is paid.

According to the terms of the agreement, Netcare will provide benefits to all members of the Scheme as and when required by the members. The Scheme does however remain liable to all its members with respect to the capitation agreement if the capitation provider fail to meet their obligations.

The Scheme will pay Netcare Limited Administration a monthly fee per member (“Monthly Fee”) for access to the services. The Monthly Fee comprises two components: an Administration Fee and a Risk Fee. The agreement commenced on 01 August 2024 and will continue for a fixed period of two years, ending on 31 July 2026

17. RELATED PARTIES (CONTINUED)

Insight Actuaries & Consultants (Pty) Ltd

The Scheme has appointed Insight Actuaries & Consultants (Pty) Ltd as its actuarial service provider on a retainer basis. The actuaries provide advice on contribution increases and benefit levels and perform actuarial services including risk assessments, claims analysis, budget reviews, IFRS 17 valuations (Best Estimate of Liabilities, Risk Adjustments, Liability for Incurred Claims and Liability for Remaining Coverage), quantitative assessment of reinsurance contract assets for IFRS 17 purposes, and IAS 19 valuations of retirement benefit obligations.

The initial agreement was concluded for a period of three years commencing on 01 October 2021 and ending on 30 September 2024 and was subsequently extended for a further three year period to 30 September 2027.

Qhubeka Forensic Services (Pty) Ltd

The Scheme appointed Qhubeka Forensic Services as its forensics service provider on a retainer basis. The scope of services includes training initiatives, governance support, fraud management, hotline investigations, litigation support, claims data analysis, and ongoing monitoring of current and concluded Fraud, Waste and Abuse (FWA) matters.

The initial agreement was concluded for a fixed term of three years, effective from 01 October 2021 to 30 September 2024, and was subsequently extended for a further three-year period, ending on 30 September 2027.

	2025	2024
Related party transactions for services rendered:	**R**	R
Aid for Aids Management (Proprietary) Limited	**6 251 087**	6 767 713
Brokers	**3 204 632**	2 328 214
Management Information Planning (MIP)	**-**	4 589 777
Medscheme Holdings (Proprietary) Limited	**41 464 885**	32 958 122
Insight Actuaries & Consultants (Pty) Ltd	**1 945 820**	1 733 659
Dental Information Systems (Pty) Ltd (DENIS)	**69 542 363**	30 076 566
Preferred Provider Negotiators (Pty) Ltd (PPN)	**45 288 522**	20 180 807
Netcare 911 (Pty) Ltd	**10 820 858**	4 690 086
Qhubeka Forensic Services (Pty) Ltd	**2 559 883**	1 969 831
Tshela Healthcare (Pty) Ltd	**2 891 399**	747 326
	183 969 449	106 042 101

17. RELATED PARTIES (CONTINUED)

	2025	2024
Board of Trustees	**R**	R
Contributions/premiums paid by Board of Trustees	**(648 270)**	(841 812)
Claims paid on behalf of Board of Trustees	**311 521**	316 260
Expenses and other considerations	**1 898 064**	1 770 273
	1 561 315	1 244 721

	2024	2023
Independent members of sub-committees	**R**	R
Meeting expenses	**1 452 648**	1 052 549

Principal Officer		
Short-term benefits - salary and bonus	**3 080 176**	2 489 057
Other short-term benefits	**801 424**	295 502
Leave provision	**466 922**	236 582
Long-term benefits - defined contribution plan (pension)	**500 442**	376 381
	4 848 944	3 397 522
Management		
Contributions/premiums paid by management	**(1 050 519)**	(902 190)
Claims paid on behalf of management	**755 358**	1 247 183
	(295 161)	344 993

All the related party transactions were at an arm's length and occurred in the normal course of business.

18. GOING CONCERN

The ability of the Scheme to continue as a going concern for the next 12 months is dependent on several factors. The most significant is the Scheme's ability to grow its membership base, collect contribution income and yield investment returns to pay for claims and other obligations as they fall due.

We draw attention to the fact that on 31 December 2025 the Scheme's liability to members for future benefits is available to cover insurance of R 1 596 702 739. The Scheme is solvent and stable with a solid business strategy to improve.

The Scheme's current assets exceeded the current liabilities at a ratio of 8.70:1. This implies that the Scheme can meet its short-term obligations as they become due.

Based on the above, the summary financial statements have been prepared on accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities contingent obligations and commitments will occur in the ordinary course of business.

19. EVENTS AFTER THE REPORTING PERIOD

Following the conclusion of the nomination and vetting process for SAMWU-appointed trustees, the Scheme restored full compliance with the Board composition requirements in early 2026. A fully constituted Board of Trustees was established in March 2026, with all elected and appointed trustees duly meeting the fit-and-proper standards in terms of the Medical Schemes Act and the Scheme Rules. The Board was formally inaugurated at its first sitting held in March 2026.

This matter does not affect the amounts recognised in the summary financial statements for the year ended 31 December 2025 and has therefore been treated as a non-adjusting event in accordance with IAS 10 Events After the Reporting Period.

20. SURPLUS FROM OPERATIONS PER BENEFIT OPTION

2025	Option A	Option B	Total Scheme
	R	R	R
Insurance revenue	**501 959 437**	**1 349 252 087**	**1 851 211 524**
Less: Insurance service expense	(539 470 397)	(1 276 227 253)	(1 815 697 650)
Claims incurred	(490 153 136)	(1 198 179 512)	(1 688 332 648)
Ex-gratia grants	(4 956)	(711 552)	(716 508)
Risk adjustment on LIC	1 614 220	2 506 213	4 120 433
Enhancement Fees	(1 171 395)	(2 593 364)	(3 764 759)
Attributable Expenses	(37 216 156)	(57 781 221)	(94 997 377)
Accredited managed care: Management Services	(10 861 882)	(16 863 989)	(27 725 871)
Forensic and MVA Recoveries			
Acquisition costs	(1 255 446)	(1 949 186)	(3 204 632)
Benefit management expenses	(421 646)	(654 642)	(1 076 288)
Net income/(expense) from reinsurance contracts	**10 810 615**	**(8 964 799)**	**1 845 816**
Reinsurance recovery	49 948 422	77 549 138	127 497 560
Reinsurance premium paid	(39 137 807)	(86 513 937)	(125 651 744)
Insurance service results	**(26 700 345)**	**64 060 035**	**37 359 690**
Administration expenses	(24 538 507)	(38 098 101)	(62 636 608)
Investment Income	102 615 063	159 318 543	261 933 606
Sundry Income	127 164	197 432	324 596
Other realised gain on PPE	1 019 116	1 582 264	2 601 380
Investment management fees	(2 032 950)	(3 156 327)	(5 189 277)
Interest paid	(91 633)	(142 268)	(233 901)
Finance expense from insurance contracts issued – PMSA	(132 026)	(204 981)	(337 007)
Net surplus from operations	**50 265 882**	**183 556 597**	**233 822 479**
Membership as of 31 December 2025			
Membership (Main members)	11 705	18 173	29 878
Dependent members	11 004	20 691	31 695
Total beneficiaries	22 709	38 864	61 573

Expenses not directly attributable to an option were allocated proportionately to the membership per option.

20. SURPLUS FROM OPERATIONS PER BENEFIT OPTION (CONTINUED)

Restated 2024	Option A	Option B	Total Scheme
	R	**R**	**R**
Insurance revenue	**591 569 469**	**1 356 878 481**	**1 948 447 950**
Less: Insurance service expense*	(625 914 079)	(1 411 278 451)	(2 037 192 530)
Claims incurred*	(575 901 112)	(1 344 038 827)	(1 919 939 939)
Ex-gratia grants	(220 525)	(192 427)	(412 952)
Ex-gratia grants post August 2024	-	(577 939)	(577 939)
Change in best estimate LIC	(4 362 364)	4 566 983	204 619
Risk adjustment on LIC*	(447 133)	(695 545)	(1 142 678)
Enhancement fees	(464 320)	(1 089 117)	(1 553 437)
Attributable expenses	(34 325 805)	(53 395 993)	(87 721 798)
Accredited managed care: Management Services	(10 339 913)	(16 084 398)	(26 424 311)
Forensic and MVA Recoveries	1 117 852	1 738 891	2 856 743
Acquisition costs	(911 037)	(1 417 177)	(2 328 214)
Benefit management expenses	(59 722)	(92 902)	(152 624)
Net expense from reinsurance contracts*	**(1 649 971)**	**(7 670 217)**	**(9 320 188)**
Reinsurance recovery*	17 854 094	27 773 189	45 627 283
Reinsurance premium paid*	(19 504 065)	(35 443 406)	(54 947 471)
Insurance service results	**(35 994 581)**	**(62 070 187)**	**(98 064 768)**
Administration expenses	(17 782 757)	(27 662 219)	(45 444 976)
Investment income	63 118 059	98 184 193	161 302 252
Sundry income	78 815	117 935	193 750
Other realised gain on PPE	518 301	806 250	1 324 551
Investment management fees	(1 920 680)	(2 987 740)	(4 908 420)
Interest paid	(35 366)	(55 015)	(90 381)
Net surplus from operations	**7 978 791**	**6 333 217**	**14 312 008**

20. SURPLUS FROM OPERATIONS PER BENEFIT OPTION (CONTINUED)

Restated 2024	Option A	Option B	Total Scheme
	R	**R**	**R**
Membership as of 31 December 2024			
Membership (Main members)	12 868	20 017	32 885
Dependent members	12 268	23 755	36 023
Total beneficiaries	25 136	43 772	68 908

Expenses not directly attributable to an option were allocated proportionately to the membership per option.

*Restated, refer to note 21 for restatements.

21. PRIOR PERIOD RESTATEMENTS

21.1 Capitation agreements

During the 2024 financial year, the Scheme entered into three capitation agreements for optometric, dental and emergency medical assistance benefits. These capitation agreements were incorrectly accounted for as insurance service expenses instead of reinsurance contracts held as all capitation agreements transfer significant insurance risk. The effect of the error is material relating to presentation and disclosure in the summary financial statements and the prior comparative amounts have been restated. The opening balance of 2024 was not restated as the capitation agreements were only signed for in the 2024 financial year and there was no impact on the opening balances of 2024.

21.2 Presentation of amounts attributable to members

The Council for Medical Scheme has provided guidance on the presentation of amounts attributable to future members on the face of the Statement of Surplus and deficit and other comprehensive. This was after consultation with industry and the SAICA reporting body.

The amounts attributable members are shown separately from the insurance service expense as a surplus or loss from operations and then transferred to the liability to members for future benefits at the end of the period.

21. PRIOR PERIOD RESTATEMENTS (CONTINUED)

The effect of the restatement on the primary statements is summarised below:

	Reference	As previously reported	Change	Restated 2024
	R	**R**	**R**	**R**
Statement of profit and loss and other comprehensive income				
Insurance service expense	**13**	**(2 060 824 726)**	**23 632 196**	**(2 037 192 530)**
Amounts attributable to future members		(14 312 008)	14 312 008	-
Incurred claims and other directly attributable expenses*		(2 044 389 123)	9 320 188	(2 035 068 935)
Net (expense)/income from reinsurance contracts	**14**	**-**	**(9 320 188)**	**(9 320 188)**
Allocation of premiums paid		-	(54 947 471)	(54 947 471)
Amounts recovered from reinsurance contracts		-	45 627 283	45 627 283
Insurance service result		**(112 376 776)**	**14 312 008**	**(98 064 768)**
Net surplus for the year		**-**	**14 312 008**	**14 312 008**
Transfer to liability to members for future benefits		-	(14 312 008)	(14 312 008)
Statement of financial position				
Reinsurance contracts held asset	**7**		4 542 176	4 542 176
Insurance contract liabilities to current members	**11.2**	(76 784 324)	(4 542 176)	(81 326 500)
Cash paid to providers and employees – claims		(2 006 835 155)	54 947 471	(1 951 887 684)
Cash payments to reinsurers		-	(54 947 471)	(54 947 471)

*The R9 320 188 change represents net premiums of R54 947 471 less the estimated reinsurance contract recoveries of R45 627 283.

22. AUDITED ANNUAL FINANCIAL STATEMENTS

The audited Annual Financial Statements can be obtained from the Scheme's registered offices:

Business Address:
Cnr. Lascelles Road and Trematon Street
Athlone
7764

P.O. Box 134
Athlone
7760

NOTES:

CONTACT INFORMATION

HEAD OFFICE

Physical Address Cnr Trematon & Lascelles Streets,
Athlone, Cape Town, 7760

Postal Address
P.O. Box 134, Athlone, 7760

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